

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 27 March 2024

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

PANEL MEMBER:

Ms. Paula Fray

Day 16:

YFM

eMedia

Meta

Media and Digital Platforms Market Inquiry

CHAIRPERSON: Good afternoon and welcome to the final day of the Public Hearings for the Media and Digital Platforms Market Inquiry. This afternoon we have YFM and eMedia and then going into the evening session, we have Meta. So, I do want to now welcome the YFM team to the public hearings who are joining virtually from their offices. I think, as I understand, we've got Haseena Cassim, the YFM managing director. We have Hilton Tarrant, the YFM digital content manager, Lindiwe Mabena, the YFM news editor and Oscar Mashaba,
10 the eMedia compliance manager. Welcome everyone.

MS. HASEENA CASSIM – YFM: Thank you.

CHAIRPERSON: Haseena, I know you've got a presentation. We'll let you run through that presentation and we won't disturb you for that. And then we'll have questions. And please refer to us as Paula and James. We don't want over formalities in this sort of public hearing.

MS. HASEENA CASSIM – YFM: Thank you so much, Paula and James. I just wanted to find out, do you perhaps have the presentation on your side? Are you going to be projecting it or would you prefer that we do?

20 CHAIRPERSON: Just let me check with our technical...Haseena, if you're able to do it then please proceed. Otherwise we can quickly download it to our technical team.

MS. HASEENA CASSIM – YFM: Please bear with me for a couple of minutes. Are we good?

CHAIRPERSON: Yes, I believe we're good, Haseena, so please

proceed.

MS. HASEENA CASSIM - YFM: Okay, awesome, thank you so much.

Perhaps I should just formally introduce my team. I've got, well myself, Haseena Cassim, I'm the managing director at Y. I've got Hilton Tarrant who's sitting right next to me, on my right. Hilton is the digital manager of Y, as well as Lindiwe Mabena who is our news editor and will be speaking to a couple of slides as well. And then there's Oscar Mashaba who is regulatory officer from the eMedia side. As you know, we are also a subsidiary, a whole subsidiary of eMedia who are now
10 presenting immediately after us. So I'd like to just take us through a broad overview of Y, who we are and put you into context as to what we've experiencing over the last while. And then my colleagues will then obviously delve into some of the questions and queries, the enquiries that came through from the Commission. So just to introduce ourselves, we are Wyatt (Pty) Limited, trading as YFM, which is the wholly owned subsidiary of eMedia, known as Y, which broadcasted for the first time in October 1997. Just so you all know, Y was the first commercial licence issued for the purposes of serving the youth market in the Johannesburg region and operates under the
20 current licence as issued by ICASA. The licence at the moment, we've got a 75% music and 25% talk pack, with less than 3% of that attributing to news bulletins. And Lindiwe will obviously delve further into that. So who Y is. Y serves the youth market and provides content and entertains, educates and informs the consumer decisions accordingly. As a brand, we recognise that the holistic serving of the

youth market requires a deeper understanding of the segment and its constant evolution. The Y contents of the audience is hunger for knowledge, satisfies the intellectual needs, creates safe space for connection, creates a better socioeconomic understanding of the environment and keeps them entertained, obviously. Y successfully has maintained and fulfilled this purpose since inception, which is 1997, by really truly understanding and ensuring the true understanding and resonance. And then also keeping abreast of all the trends and platform developments that attract and serve this audience. Y is a radio broadcast platform with 99.23 FM frequency with an entertainment mandate and it's broadcast primarily in English, IsiZulu and Sesotho. Over the years, Y has evolved alongside its audiences as it must, in migrating into the digital platforms. And thus creating a complete community of, in excess of 3 million individuals. The digital platforms are used as a complementary tool to our broadcast content and as a result of this evolution of content, these digital platforms have become complimentary to commercial advertising as well and has also allowed to be tool to expand on on-air topics and news in general. I'd like to also just expand from context of a broadcaster within the regulatory environment and I know that a lot of the presentations that you've been through over the last couple of weeks from the radio broadcasters spoke about it being a very highly regulated environment which we definitely are. There's a number of bodies which we either voluntarily associated with or bound to in terms of conditions that I imposed. So the likes of, our licence is

issued through ICASA, which obviously leads us to ensuring that we are compliant with all of those conditions and regulated by relevant acts. There's also the MDTA in which we contribute to royalties from a SAMRO and SAMPRA point of view. And then we are also self-regulated on the content and the broadcast content side through the BBCSA. So, as an established brand and all content disseminated in a Y ecosystem is automatically subject to the standards expected of a broadcaster. And this, as you can imagine, creates a higher burden on us versus unregulated brands and other digital platforms. The digital strategy for the business is largely one of visibility, reach and engagement with our audiences since simultaneous multiple platform consumption has now become the norm. My colleagues here with me will delve further into the strategy employed within the business and provide a deeper understanding of where the digital consumption in supporting revenue emanates from. So as I said before, Y is a radio broadcast platform with a 75% music format that targets the youth market with a commercial mandate of revenue generation through advertising. Y does the 25% talk, which is less than 3% of bulletins, we serve news stories to our audiences but news distribution is not the sole mandate of the station. I know you've spoken to the other broadcasters who's given you a really deep understanding of what radio does and I can only really reiterate the value of radio as the most connected medium and personal mass traditional media platform which is, in the case of Y, has to cater for a large varied demographic spanning across various live stages. So if I had to put you into the

perspective of Y, we speak to anyone from, effectively from the age of 15 to 34 years old. If you look at a lifespan of that individual or the lifespans of those individuals, you'd see that it takes you all the way from school, university, a working adult, a young adult, a mature adult. And so that means that in order to really understand and create resonance and relevance within this diverse and complex market, the brand and its content it mirrors the audience's lifestyle and their experiences and serve as an information provider. This means that we need to essentially be able to - content needs across all those

10 different life stages and ensure that there's resonance and relevance right through. So news therefore, in its traditional form, has bulletins and contextualised content which forms an integral part of Y's relevance and resonance within the market. Since the Y audience are essentially digital natives, it's now important to really understand that in communicating and ensuring that the content discussed on-air and also is disseminated in news bulletins are expanded on, Y uses the digital platforms at its disposal to allow for further engagement and reach. An essential part of this holistic content ecosystem is to ensure that Y participates on digital platforms and used it as a complimentary

20 tool for engagement. Lastly, as a commercial entity we convert listeners and audiences into advertising revenue, which is our sole source of income. And so I hope that this does sort of give you a broad idea, a broad scope into our environment and I will allow my team to also further delve into the aspects of the inquiry that you sent through. I'm not sure if you have any questions at this stage or if you'd like us

to just continue with the presentation and then we'll delve into the questions and answers after?

CHAIRPERSON: Yes, please continue Haseena.

MS. HASEENA CASSIM - YFM: Okay, perfect. So I am going to hand you over to Lindiwe now who's basically going to just take us through the inquiry we spoke about, trends in news media. And so Lindiwe is just going to is just going to address that now. Thanks.

MS. LINDIWE MABENA - YFM: Good day. So basically I will just be addressing question 1 under sub-sections, A, B and C. So, as
10 presented by Haseena, we are a commercial radio station that really serves the youngest market in the country and there's really no other broadcaster actually that is doing what we're doing. So we are mandated to actually broadcast only 210 minutes of news content every week. We are also exempted from broadcasting news over the weekend, but also meaning that we therefore can't be comparable to your dedicated news organisations. And also, as you all know, that news content forms a very important part of any community because it provides an awareness and also just enables people to meaningfully partake in whatever that is happening within their communities. So
20 traditional broadcast mediums have for centuries served as that means of mass communication that continues to serve that purpose, even today. And really, despite the emergence of digital news agencies and real time news availabilities on various platforms, we believe that as Y, we must never be blinded to the restriction of access that some sectors of our society still have. They still don't have really

access to digital platforms and also to the internet. And we all know due to which conditions, so with this in mind it is important that broadcast platforms remain a source of news distribution because then we are able to reach everyone. So at Y we also understand that the multi-platform consumption norm, that is within our market segment, really requires content to not just be broadcast on air for information purposes, but we need to be available everywhere so that they can use that information and engage on those channels that are available which are digital. So our market expects really Y in its
10 challenge to be well informed and to be the source of all youth information that they need. And that is a role that we take seriously as Y. So as news, we previously really had to separate profile on X which is previously known, was previously known as Twitter, also on Instagram. However, upon reflection as the brand, we decided that because we really can't separate news from station content because news informs overall content of the station, outside music of course. So we decided that, you know what, let's just use and have the same profile. So Y news, yes as we said earlier, we can't really be compared to other news broadcasters that are purely dedicated to doing that
20 because we provide news as a supplementary thing to do what the business really does. So just as our investment in news as well, we do it proportionately to our licence conditions. So basically that is where we are and that is who we are as Y. Thank you.

MS. HASEENA CASSIM - YFM: So, just in terms of, the next question was around business model and sources of revenue, I think I sort of

covered this in the introduction. We spoke about being a commercial radio broadcaster, we convert listeners into audiences or our audiences into advertising revenue and advertising revenue is our sole source of income, and our primary source of income at this stage. In terms of news and the business, the strategy from the organisation with regards to news, as I mentioned, looking at who the audiences are, a Y audience is someone who is seeking knowledge, seeking an understanding of the environment and using news stories as integrated content pieces into their daily lives. So with that being said,
10 news will always be part of the business strategy by virtue of it:

1. Being a licenced condition and,
2. Serving the audience's needs for knowledge and information.

It's also important for us to realise that news like I said, is an adjunct and it is not monetised directly. So we don't really monetise our news bulletins, and definitely not on our social media platforms either. It's essentially complimentary to the organisation. I'm now going to hand you over to Hilton who's going to take us through the digital strategy. Thank you.

MR. HILTON TARRANT - YFM: Good afternoon. So yes, this next
20 slide addresses topic number 3 in the Commission's request. So as Haseena has already mentioned we do live in a world where simultaneous consumption of media across multiple platforms has become the norm. So I can be watching something on TV, listening to the radio, scrolling TikTok for example. So the station's digital strategy is focussed on three elements, that being visibility, reach and

engagement across our audiences. So we've built audiences across these various online platforms over a number of years now and on many of these platforms Y was the first participant in the radio segment as a media owner to actually start accounts on some of these platforms. But that goes back many, many years. So, critically, when we do produce content for these various online platforms, we focus on ensuring that that content is as relevant as possible in the context in which it's going to be consumed. So for example, we would never shoot a portrait or vertical video on a mobile device and then publish
10 that portrait or vertical video on a platform like X for example, because the consumption on that platform is different in the same way that we wouldn't shoot a horizontal video in great HD and use that video for example on a platform like TikTok. Just to address one of the sub-questions in topic 3 regarding our digital strategy, we haven't adopted, as Y, a digital first strategy at all costs. So what we've embedded with in the business is asking our people and our teams to think digital first. And that is a very important distinction in that the business is not going to sacrifice everything at the expense of digital, but it is important for our teams across the business, across all the departments to think
20 about digital first otherwise you land up in a situation where digital becomes an afterthought or not a thought at all. So our investments across digital really in the last five years have primarily been made in people, so we've seen a doubling in the number of digitally focussed staff across the last five years. And I think beyond that we've embedded digital within various processes and teams departments in

the business. So, for example, my colleague Lindiwe's news department, the news department creates digital content themselves. It isn't outsourced to a digital team, so there's co-creation happening across the business. Then to address the question and the topic around Y being an industry leader. We thought it valuable to showcase and share our digital footprint, in fact our total audience footprint and we really do think of these as a number of different audiences across the various platforms and even within a platform there will be a number of distinct audiences that can be served within

10 a specific platform. So these numbers really were audience sizes in terms of followers, download subscribers at the end of February. The 932,000 listeners to the station is number that comes from the BRC RAM research. So that shows our kind of traditional audio consumption footprint and then across the various other platforms being X, Facebook, Instagram, TikTok, the YFM App and then YouTube. And the annotations underneath a number of these platforms do show that from a follower point of view we are the largest radio station media owner in the region. Across three of those, second or third in South Africa depending on the platform for kind of

20 the three primary platforms with TikTok being one of the newest platforms that we are active on, where from a radio station media owner point of view we are the largest radio brand in the country in terms of number of followers. I think, the other side of that on the industry leader question, is really around monetisation. And I think Y certainly has taken a leadership role in pioneering the idea of selling

complimentary audiences, so access to a Y audience across on air as well as the digital footprint and that would primarily be for things like radio promotions. So your standard kind of radio competitions which, as the panel I'm sure would recall five or ten years ago, would require a listener to enter or engage via something like a premium SMS code, sort code, where they would enter a competition. Whereas nowadays the model for that has changed completely where a radio promotion is really an integrated one that is delivered across on air as well as digital and social media. I wanted to move to the opportunities and

10 challenges offered by the various online platforms, there are specific feedback on some of these, but broadly, and this addresses topic 4 in the Commission's request or the panel's request. So broadly, in terms of opportunities, obviously in terms of monetisation as a station we've seen and taken up an obvious opportunity to generate additional incremental revenue beyond what we derive from our broadcast platform, that being selling a promotion that, for example, would obviously run primarily on radio, but bundled then with some digital or social media exposure as well to deliver on things like entry views or engagements or just reach. Beyond that, from an audience point of

20 view and a consumption point of view, there's an additional opportunity to access those complimentary audiences. So I mean if you had to, for example, rewind a couple of years, or even if a radio station, for example, currently isn't active on TikTok, they would for example if they set up a TikTok account be able to access that audience that they currently, as a brand wouldn't access. And as I

said earlier, we certainly held a leadership position in terms of our use of these platforms through the years. Where certain platforms, for example, we were pioneers in and were active on and as those platform's circumstances change and I think specifically on a platform like Snap Chat and as audiences changed we changed strategy there and actually moved away from those platforms. In terms of challenges, I think the primary challenge when monetising on these online platforms is the long term steady decline in average organic reach and engagements. I don't believe that this is unique to Y, I think
10 the entire industry is facing this problem where, for example, a couple of years ago you might have posted something on – created a post on X or Twitter as it was known then, or on Facebook for example, and that post on average would have gotten a certain number of views and a certain level of engagement, which over time, becomes quite predictable whereas today you might see that a similar post might only get half or perhaps even lower than that. I think our approach in producing content for X and Twitter and Facebook is quite similar. Instagram does differ slightly. And then in terms of news content especially, I think we produce quite similar kinds of content from a
20 news point of view for both the X and Facebook platforms. From a revenue perspective, as I said, exposure on these online platforms tends to be bundled with [online? 00:41:46] activity, so we would sell those in a complimentary way to a brand or to a partner, an advertiser. And I think, in all instances, the incentive in using these various platforms, whether it be X or Twitter, whether it be Facebook and

Instagram which obviously is operated by Meta. Whether it be TikTok or any future platform or any platform in the past as I referenced Snap Chat, the incentive is to gain access to those audiences. Then in terms of specifics on X, formerly known as Twitter, there's a specific challenge on that platform that we have noticed where there is declining organic reach from a sheer audience size point of view. It remains far smaller in the South African and even global context than, for example, a Facebook. And given some of the ownership changes at X and Twitter, or from Twitter to X, the platforms active user base is under question in terms of just how many people remain active on that platform. We have also seen, from a reach and engagement point of view, that the platform has prioritised its subscription product, which is X Blue, formerly known as Twitter Blue. And paid for members on that platform or paid for accounts on that platform are placed at an advantage versus a typical standard free account on the platform. From a Facebook and Instagram point of view, the primary challenge there would be the fact that paid for reach, so colloquially referred to as boosting a post, for example, that tends to outperform organic reach. That is standard across, I'm sure many media owners and publishers would have shared similar sentiments. And then there was a specific question on topic 4 related to Facebook deprioritising news. We haven't found any specific evidence that Facebook is deprioritising news, certainly not in our context. What we will say is that on the Twitter or X platform, news content by definition because that audience tends to use the platform as a news source. News

content therefore outperforms on the X or Twitter platform, whereas Facebook serves a great many needs across a very, very large user base. And in the South African context news is probably not the top one or two on that platform. In terms of TikTok, that platform is currently not commercialised from a Y point of view. Our only gain to date on the TikTok platform has been in terms of audience size on the platform, which is reach, and obviously the followers that we have built over the last three years or so. I thought it useful to share with the panel some examples of content that is produced on the various platforms, so on X formerly known as Twitter, these were three posts that outperformed within the last month or so, the very first one is a news post related to the Senzo Meyiwa case. The second one is an activation with a partner which was encouraging voter registration, it's one of our talent, Dimpo. And the third one is a content piece from On-Air, our breakfast show, The Way Up, where a discussion point on-air was then continued on social media. From a Meta or Facebook and Instagram point of view, there are three examples here where the first is a video piece from a piece of on-air content that was done on our breakfast show. The second example is an example of a station promotion with a partner being the Mac brand and the third example is a reel we produced for Instagram where one of our presenters did a live ice bath which was live on air and obviously the visuals which supported that existed on social media. And then from a TikTok point of view, this certainly in recent months, has primarily been on-air content or behind the scenes content from studio and the specific

content moment was related to Nia Brown, one of our breakfast show hosts who decided to have her cut, in fact shaved, live in studio. Just to conclude our presentation, the final topic which the panel had requested us to expand on, was the idea of ad tech versus direct sales, topic number 5. And I think as an independent player in the market in that Y, or be it being a subsidiary of the large eMedia group, this is the only radio platform that the group owns and operates. We, as a station, took a strategic decision to sell our platforms and products directly so we aren't represented by a third party sales

10 house. This means that we remain the only route for brands and partners to access our audiences on our platforms, so we don't make use of a third party sales house for the kind of radio, traditional radio media sale. We also do not make use of ad tech intermediaries, we don't use ad tech intermediaries or any ad tech on any of our digital platforms including our website. So, in effect, as we have stated already we do sell this kind of idea of a bundled or complimentary access to our audiences. We don't monetise via CPM and we remain certainly in the minority in that regard. And there was a question around the data being provided by the online platforms. Generally

20 that data is sufficient for our needs. In certain instances it could certainly be better. In certain instances it remains quite limited. But our view into that aggregated audience across each of the different platforms certainly at this stage is we believe is sufficient. Thank you very much.

MS. HASEENA CASSIM - YFM: Thank you. We are happy to take

any questions.

CHAIRPERSON: Great, well thank you, Haseena and your team for that presentation and those insights. It certainly I think we wanted to hear from YFM because you had been one of the pioneers I suppose in social media for radio at least. And maybe I just wanted to start with picking up on your investment in social media over time. So I have said that now you're up to five people who are involved in digital media, but maybe you can give us a sense of how you invest in building your audience and the kind of commitments, both financial
10 and people wise that you have to put into building this presence?

MS. HASEENA CASSIM - YFM: Sure. I'll start off by answering the question and I'll ask Hilton to jump in when necessary. So I think holistically as a business and Hilton spoke about this earlier also around the digital first. It's not about how much of an investment we've put into digital, I think it was more about getting every individual within the organisation to really start thinking about where the audience is actually, where they actually are. So from a programming point of view, when they're developing content around programming it's also about creating the content pieces with the view of getting engagement
20 on the content. So I think over the last couple of years with the advent of all of these digital platforms, the way we consume media has obviously shifted. I mean from a music point of view right down to content, essentially everything around us. And with that it required every single person to start thinking from across and multiple platform point of view. What also serves Y quite well is the fact that our

audiences are – our talent and our staff compliment is very much reflective of the audiences as well. So when creating something we're thinking about creating it for ourselves and essentially that immediately translates into creating far more audiences. So that is the first thing, I think it was really from a holistic staff compliment point of view understanding that now as we start employing new individuals within the organisation you automatically are employing a digital native. So that is first and foremost, I think the investments that we've made into the space. We also have from an understanding and exactly what you're speaking to, James, from a pioneering within the digital landscape, it's understanding what each platform requires. How to actually show up in those various platforms. To Hilton's point earlier, creating content for different platforms required completely different thinking. So you cannot put the same piece of content on Instagram as you would put on Facebook and so from a platform understanding point of view there was a lot of work and investment that was put into understanding how the different platforms also operate. And then holistically making sure that were creating a bigger department or employing a lot more people within their environment also that were specifically working towards digital content creation, digital content integration and then ultimately from a revenue point of view making sure that we are able to monetise those platforms and also be able to give our clients a lot more value and ROI by using the digital platforms as complimentary too. What we realised very early on was that our audiences are not just listening to us on radio and as

you know this multiple consumption creates a dynamic where you're able to have a call to action on air and have the engagement actually happening on social media all at the same time. So with that being said, there's a lot of investment that went into understanding how these platforms actually work. Being able to give ROI and the highest ROI to our clients and at the same time making sure that we're still growing those audiences in those spaces. And as the years have gone by, I mean if you look back to 2008 where we only had Facebook and there was this virtual friendship thing that was created to where

10 we are today with TikTok and the communities that are created there, obviously all the other platforms that have been created over that time in those periods, you can imagine the amount of investment that has gone into from a strategic thinking point of view also, with getting everyone to understand the different dynamics that exists within those platforms. I said a multiple, but I'm going to ask Hilton if there is anything else that he'd like to add on to...

MS. PAULA FRAY: Sorry, Haseena, is it possible for you to stop sharing your presentation so we can see you, thanks.

MS. HASEENA CASSIM - YFM: Sure.

20 MR. HILTON TARRANT – YFM: Yes I think the only thing I would really want to add to what Haseena has already said is that certainly our investment has accelerated in the last five years. And did make the point that the number of staff who are focussed completely on digital or social media has more than doubled so that number is actually a little bit higher than five at the moment. But has certainly

more than doubled over the last five years and I think part of this was not only the kind of strategic thinking that was required and the effort required internally but certainly even working with external stakeholders like our advertisers and partners and brands, it required a fair amount of work for us to change their way of thinking as well in terms of reaching audiences and getting ROI on their investments.

CHAIRPERSON: I find that interesting that you've said I mean, you're trying to drive almost engagement on social media which is something social media seeks themselves to create engagement and advertising. So the concern around the almost declining organic reach that seems to be if I'm right a result of almost how they've prioritised their content, rather than your ability to create engagement. Would that be correct.

MS. HASEENA CASSIM - YFM: Absolutely.

CHAIRPERSON: Alright. And I think we've heard from a number of others the concern that it's not a stable channel in a sense whereas with your distribution channels it is more stable because you have more control over it. But you've made an investment and then at some point they may change their priorities and you may see big declines in your traffic. Is that what you're referring to in terms of just the organic reach that you're getting.

MS. HASEENA CASSIM - YFM: Absolutely. And I think also what we've landed up also doing is creating our own source of community in the digital environment through our App. We use that quite significantly now and we're going to continue to use that a lot more.

I'm sure with this you can understand that it definitely does place an unfair advantage on the platform providers. When it comes to from a monetisation point of view and our reach, so what we're trying to do is obviously trying to reach an engagement and with the shifts that have happened we're not reaching those same number. At the same time you're not able to then engage your audiences effectively like you would if you had your own channels. And now we also have the situation where if you are paying for the post all of a sudden you're getting priority. And then naturally creates a major issue for us. So,
10 ja it seems like one of those vicious cycles and naturally without the regulations in place on these other entities on the digital platforms, it does place an extra burden on Y and on broadcasters as a whole or content creators on South African content creators on a whole.

MS. PAULA FRAY: Thank you very much, Haseena. I mean I know that your news content in terms of the ECASA requirement is quite small, 210 minutes of news content a week, but I notice that there's also news on your website and even though it's not very prominent on your Facebook page, there are stories like the MK ANC issue, your adventurer talking about minerals in the DRC for example. And even
20 though I'm well north of your age group, when I do listen ...

MS. HASEENA CASSIM - YFM: No you're not.

MS. PAULA FRAY: For the purposes of this panel inquiry we will assume not. When I do listen I mean there's a lot of news related banter in studio. So you were talking about news also being part of creating an informed audience. So I just wanted to kind of, I mean

you're saying that it's quite small but it's also quite important to your audience in many ways because it relates to who they are.

MS. HASEENA CASSIM - YFM: Absolutely. I think everything that you do from a content point of view is derived from news and news human interest stories. So the talk that we do have on the station is pretty much as a result of news and human interest matters.

MS. PAULA FRAY: Okay, thank you. I don't know if you heard that other broadcasters who came here said to the panel that really we should be thinking not just in terms of news as politics or breaking news, but news also in terms of lifestyle, in terms of the holistic package, entertainment etcetera. And so when you kind of think of that it takes news out of your news bulletins into your discussions, into your interactive content on your social media. And so when you look at that and you look at how you're able to engage with your audiences on social media, I mean how easy is it for you to continue engagement on those issues and then to monetise engagement on those issues? And I know that you've got a direct advertising sales but I'm thinking monetising in terms of are you selling advertising for example on YouTube? Is your Twitter account monetised etcetera?

20 MR. HILTON TARRANT - YFM Ja, so certainly ja, those platforms are monetised. Not to the extent that a specific piece of content which might be considered news would be monetised. But in growing the audiences on those platforms by virtue of that audience existing which has been built up over time through things like news or the broad definition of news content. That audience exists and then we're

therefore able to monetise those.

MS. PAULA FRAY: Thank you. So when you're looking then at the revenue and you don't have to be specific because it is a public hearing, I mean is the revenue generated in those online platforms significant or is most of your revenue generated on on-air sales?

MS. HASEENA CASSIM - YFM: So as primary platform broadcast is the lion share of revenue, I mean I don't want to give away figures due to confidentiality reasons. But if you would like some figures on that I'm happy to provide that separately at any point. But the lion share
10 definitely does come from the broadcast platform. And as I mentioned before our digital footprint and our digital offering and digital revenue is really used as a complimentary tool to the radio broadcast platform.

MS. PAULA FRAY: And so when we were talking about organic, the decline in organic reach, you're obviously having to then promote in order to reach the eyeballs that you used to reach before?

MR HILTON TARRANT - YFM In certain instances, yes, we have also kind of changed tactic or it has required us to change tactic in certain respects to ensure that we deliver the reach and the engagement that is required or expected from us, from our partners and our advertisers.

20 MS. PAULA FRAY: And then Hilton, just for clarity, when you say that you've not seen any evidence of Facebook deprioritising news, is that because news is such a small part of your Facebook offering?

MR. HILTON TARRANT - YFM: Ja, so I mean in terms of sheer number terms news posts on Facebook across any given month would probably be in line with the number of minutes, so around 3%,

5%. So we haven't seen any specific evidence that it's deprioritising the news, it performs in line with the content that is in that post. So a post for example that would have ordinarily gotten 10 000 views for example, would still tend to get that. It's not that that post for example is getting one view or two views.

MS. PAULA FRAY: Thank you.

CHAIRPERSON: Can I just bring Lindiwe in on us, we're toying with these questions of the value of news. So I mean it's quite interesting your 3% is the same as Meta who's coming this evening, but they
10 would say that 3% or the share of total content would be more reflective of the value of news and Google who have come before, have said well how much you can monetise is reflective of the value of news. So just based on your presentation I just want to know whether you would agree with those statements or not? And if not, why not?

MS. LINDIWE MABENA - YFM: The value of news?

CHAIRPERSON: I suppose in your context it's to YFM.

MS. LINDIWE MABENA - YFM: Yes. So you're saying monetising it?

MS. HASEENA CASSIM - YFM: Is the value of news measured by –
20 sorry James, if you could just help me here. Is the value of news shown through the monetisation, the ability to monetise it? Or is the value of news ...[intervenes]

CHAIRPERSON: Ja, exactly. So Google will say, because they may have similar numbers 2 or 3%. They would say the value to their platform is, Google would say is based on how many ads you can

show around the news. And so maybe that is the first question, is that how you would see the value on YFM?

MS. LINDIWE MABENA - YFM: No, I think for me the value of news is its relatability to the audience that you serving. Because your audience needs to be able to look at themselves in whatever that you're broadcasting and think about their environment and think about what makes up the society they live in and what are the things that make them seen and be happy to be South African for instance. Or what are the things that make them angry. So when they're angry that is one, also when Hilton was showing you regarding our posts actually
10 on X, you'd find that in some instances our news does very well because it's tailor made to speak to them. Because our main thing is we try to reach out to them to get their thoughts on the state of their society, their environment, but also to see where we're missing it. And half the time we are able to also just gauge as to whether we are off the mark with the stuff that sometimes we'd publish when there's not much interest, then it gives us an idea that oh, and then they're posting and then we just see attention to that as well as to which post actually makes them react. And makes them actually want to engage
20 more with us. Ja, so I wouldn't say that it's in their money actually.

MS. HASEENA CASSIM - YFM: I'd also like to add on to that from a value perspective of what news represents within the Y context. So from a news point of view and a news bulletin, city news bulletins point of view we can understand that it has a certain value within society and within the community in the context of Y and what Y represents.

From a – if you're looking at the extension of news into the content pieces, the value of it is invaluable. You cannot put a number to the value of how to expand and create information from matters of human interest, matters of news and things that are happening within society. So I think if you speaking of news and the value of news and how do we put value on news, it is not necessarily from the amount of minutes that you have on air in terms of bulletins, and earlier on we spoke about whether news is – news bulletins are they contextualised pieces of content. And so if we look at it as contextualised pieces of content
10 then absolutely invaluable. If you're looking at news from a bulletin point of view, there would be a slightly less value to it simply because of the amount of time that is attributed to it from a licence condition point of view. I'm not sure that answers the question.

CHAIRPERSON: No, it does, very well. Thank you so much. And maybe just a follow up on that because I think what we're also being told by some of the platforms is people aren't that interested in news and certainly not the youth. And you're a youth orientated station, what's your perception of this given your engagement with your audience?

20 MS. HASEENA CASSIM - YFM: Definitely not true. The audience are – the Y audience, so let me speak to the youth market of South Africa have evolved considerably and I think with the advent of all of these other platforms that have come in, there's clearly an information overload. You're finding that the audiences have definitely progressed and evolved into a market that is very in tune with what is

happening within society. They are very keen to understand their own environment. You can see from a number of things that have happened over the last couple of years from a news point of view, where you see the youth markets are still mobilising to try and make changes within society. We can see it now with the elections coming up as well that there's a lot of talking points around what's coming up this year. And I mean those are all indications of where the market really is. They definitely have evolved. There has definitely been a shift over the last couple of years. They are a lot more in tune with things that are happening within and around them than what we probably would have assumed years before. I'm not sure if anybody wants to add in here.

MS. LINDIWE MABENA - YFM: Ja, and also I mean, in my view as well is that as we all know that our industry also is undergoing of course a credibility crisis to put it mildly. So and as Haseena says that our young people actually are really aware and that is why you'd mostly see them when you look at Apps, you look at Facebook, they're more involved in citizen journalism basically where then it means where we need to come in as news agencies or as journalists basically. It's to now then give more insightful pieces, more nuance issues and delve more and promote credibility, transparency and our stories should be more humanistic so that then we are able to actually grab them and work together with them instead of basically probably talking over their head for lack of a better word, if I make sense.

MS. HASEENA CASSIM - YFM: And to Lindiwe's point, I think it's

important to just note that from a credibility point of view there is a lot of mistrust because one of the very key insights that we've come across over the last year through all of our focus groups and a number of other research pieces that we conduct, is that there is a major trust issue within the youth market at the moment. I mean just – I know this might seem funny but some don't even trust their parents. And that just really sort of Segway into from a community point of view and from a building of society point of view, we need to ask ourselves what role does the trust play in breeding a better society. With that comes

10 in the credibility from news sources and the information sharing that happens. When you have situations where everybody becomes a broadcaster and a platform content creator in the news space you obviously run into a problem. And then you've got companies like our eNCAs, our Y News, you've got all of these news – credible news broadcasters that then are not getting from a digital point of view, not getting the presidents or the preference in terms of views. And you essentially having other news creators that are not necessarily credible getting the higher share of view. I know that one of the other presentations, one of the presenters spoke to Facebook and how the

20 verification of profiles has created a bit of an issue because now you've got a verification that is coming off the back of being paid for. And so the credibility of a verified account versus an actual account or an actual organisation like ourselves who are regulated, who are in the space and in the environment where we are and have a higher burden of responsibility to ensure that we're adhering to all of these

codes and regulations, don't necessarily get the right share of view. Or we get pushed to the bottom because you're not necessarily paying or you're getting sort of pushed to the back. So I think that also does contribute and attribute to some of the challenges that we've had.

CHAIRPERSON: Ja, I think that is particularly insightful and it resonates with some of the other things that have been said about also I suppose news being reflective of the people who are searching for it and so you reflecting, I suppose your audience and talking to them on the points of interest in the news that they may be interested
10 in which may be different to what us old people, Paula and I may be interested in. But I just ...[intervenes]

MS. HASEENA CASSIM - YFM: James, I've got to just tell you, we've got a new term for this. We don't call anyone over the age of 35 old, we call ourselves spirited.

CHAIRPERSON: And as you heard we do listen to YFM so we will pretend to be 34. Can I just – I know we're going a little over but we'll give your parent company the extra time too. I just wanted to – I just had a couple of last questions. I mean do you find that given the credibility gap and given the mistrust that you're also putting out news
20 or responding to stories to address misconceptions, misinformation or disinformation? And do you see that as part of your role in keeping your audience informed?

MS. LINDIWE MABENA - YFM: Yes, really that is what we do and I think just like anything else the problem with fake news as well comes with it is a double edged sword, it's a blessing but also it's a curse in

a way. So it's a blessing in a sense that it gives us opportunity to reflect as journalists. So what we've seen is now we are able to mitigate against that and find people, experts who can give us analysis of issues but also go and speak to the said people and really probe them on whatever issues that are at hand so that when we then broadcast, we broadcast stuff that we know it's credible. And I think that is one way that also – because we know just like with everything else, social media right now it's flooded with everything else that people over time it also changes. Their interest changes, they start
10 seeing the difference that if we go to a credible broadcaster we find credible information. And eventually that is [indistinct 01:16:23] that is how we are also going to be able to reclaim our space basically as journalists in this space.

CHAIRPERSON: Ja, thank you, Lindiwe for that. I think we're seeing with a number of other stations as well. The last area I just wanted to quickly touch on is TikTok and I think Hilton you said it's still young, you're just looking at growing your audience at the moment, not commercialising. And I suppose it's a little more difficult to see for a younger platform where it's going, but obviously it's exploding in size
20 in South Africa. But where do you see your own strategy moving to with TikTok as you grow that audience which is now almost half your Facebook size I see?

MR. HILTON TARRANT - YFM: Ja, so certainly from our point of view I think what we've noticed over time and we've reacted to and this has really been in the last kind of 12 months or so, is that the type of

content being produced and consumed on the TikTok platform has changed from one where the content if you rewind two years ago was quite frivolous. So dance challenges, jokes, humour, comedic type content, very light content and certainly over time that has changed to a far more balanced environment where there's a lot of serious content, a lot of informative content. And we are seeing from research with focus groups that the younger audience, so I'm talking now of teenagers, Gen Z, or even Gen Alpha to the extent that they are active on the platform. They're certainly using the platform in a way that
10 some of us who are perhaps more spirited might have used an encyclopaedia back in the day. Or even where millennials and some of the older Gen Z would use YouTube as an educational platform. The younger audience tends to use that platform for educational informational purposes. And certainly we've changed, tweaked our strategy somewhat to address that and to capitalise on that.

CHAIRPERSON: I suppose it's like any youth who evolves, so TikTok itself matures and evolves, but would that include news as well that you're seeing on content.

MR. HILTON TARRANT - YFM: Yes, so we currently do produce
20 news content specifically for TikTok and certainly over time as we've been quite consistent with that content, that audience has grown.

CHAIRPERSON: Ja, I find it interesting just because TikTok as you may have heard have refused to come to our public hearings telling us that they have nothing to do with news and it's just that frivolous entertainment that they are involved in. So would you say we should

persist with looking at news on TikTok?

MR. HILTON TARRANT - YFM: Ja, I mean I think that type of content is being produced on the platform and it is being consumed on the platform as it is on pretty much online platform.

CHAIRPERSON: Alright, I know we've used a little more of your time and as I said we'll give your parent company the extra time as well, but Haseena, Hilton, Lindiwe and Oscar I really do want to thank you for bringing your insights from YFM. I think it is quite insightful and your insights on the youth market and what their thinking and how
10 they're engaging news certainly is something we needed to hear in these public hearings and we'll also pick up some of that with Meta this evening. So thank you so much for the time that you've made and we also look forward to engaging you further in this inquiry if you have the time to assist us.

MS. HASEENA CASSIM - YFM: Thank you so much for having us.

CHAIRPERSON: I think we're going to cross over to eMedia and I must apologise to the eMedia team for taking a little longer with YFM, but I think it was very interesting and it is part of the group and a flag
20 ship brand as well. So I think from eMedia we've got Khalik Sherrif, the CEO online. I just want to check whether we have everyone online. Thank you so much, I don't know, Khalik do you want to introduce your team and then also we know you've got a presentation and we're happy that you run through your presentation and then if we have any questions, we'll follow it with that. We're happy to give you a little more time, I know we're starting late.

MR. KHALIK SHERRIF - EMEDIA: Oh okay, good. Alright, before we introduce ourselves, Mr Chair, I'm not sure who we are speaking to. Maybe if you'd firstly introduce yourselves then we will introduce ourselves.

CHAIRPERSON: That is quite right I think. So I'm James Hodge, but please call me James and I'm joined here with Paula Fray and you can call her Paula, so I don't know if we're up on your side, but we're certainly up on the feed.

MR. KHALIK SHERRIF - EMEDIA: I like to know who we are
10 speaking to, I don't like to speak to strangers. Where's James? I can't see you either. Can you see me, James?

FEMALE SPEAKER: No, Khalik, your camera is not on.

MR. KHALIK SHERRIF - EMEDIA: My camera is definitely on. I can see James, and I can see – is that James in the white shirt right? And next to James is?

FEMALE SPEAKER: Paula.

MR. KHALIK SHERRIF - EMEDIA: Okay cool. And there are just two people in that team?

CHAIRPERSON: Yes, Khalik it's the panel. We have a technical
20 team here, but it's the panel for the public hearings.

MR. KHALIK SHERRIF - EMEDIA: Alright, cool. And we are myself, Antonio Lee, you might be able to see his name on the screen there, he's our COO. Junior Qwabe is there our Chief Technology Officer. Norman Munzhelele who is Managing Director of eNCA. Pippa Rafferty is our Executive Legal & Regulatory Affairs. Jay Dayaljee is

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Chief Commercial Officer and Oscar Mashaba our Compliance Manager. They are all present. And I'm going to go through our presentation very, very quickly and we are presenting to you with a few people, myself, there'll be Pippa, they'll be Jay, there'll be Norman and the rest of the team are there to help us with anywhere that we get stuck. Hopefully we're not going to stuck, but let's see. Because I probably think the questions are going to be formidable knowing your background there, Mr James. Let's have a look at where we go. Firstly, we are grateful for this opportunity to air our views and
10 opinions on the matter, on the subject on hand. And hopefully we'll be able to not convince you, but rather give you our point of view and hopefully there will be further opportunities to engage on these matters. Except I don't think in an hour and a half we really can get to the bare essentials of the matter. And I think it needs a lot more time to discuss this because it has a huge impact on the advertising and the broadcasting and the digital businesses and the future of these in our country. So we thank you, the Commission, for the opportunity to be here today. We, as you may already know, began our business as eTV. We moved on to being eSat which includes eNCA and then we
20 have the free satellite digital space, which we call Open View. And in recent years we have evolved into an online business, a digital business, an OTT business, which we call eVod, and we also have a radio station YFM. And I'm sure YFM, I know that YFM presented just now, just before us. And hopefully we'll be able to cover for the group all the outstanding impacts on our business and I'm sure YFM has

done just that on the radio side. Okay, if we're moving on, we understand that a substantial portion of this inquiry focuses on news, including advertising in relation to news. What I'd like to add and we'll send you this as submissions also, we want to be, I hope we will be able to cover the impact of advertising on social media platforms or search engines which deal with sources of news with advertising revenue. We want to be able to talk about the relationship between eMedia and news aggregators, search engines, social media sites and video sharing platforms, whether there are any benefits in the
10 relationship between traditional news broadcasters and news aggregators. What are the disadvantages and prejudices suffered as a result of the manner in which news aggregators etc. operate. The ability create fake news in these kinds of operations there's social media operations. The ability to create fake news integrated with, for example, clips taken from traditional news sources. And I think that has to be a real focus of this inquiry. Also the bastardisation of news by limiting sections broadcast to clips, it can be distorted in many ways. And of course, the need to regulate non-broadcasters in much the same way as broadcasters are regulated, which would positively
20 impact the supply of credible news. So added to that, as you can see on our slide here, we want to look at the impacts of advertising on social media platforms, which includes Facebook, Instagram, X, Google, Google search and YouTube. But this impact to this Commission, I know your jurisdiction is not much more than news at this moment, but the whole subject extends much beyond news.

Competition for advertising space is not limited to news, it's content, it's video content. Video content of the traditional kind which is on TV and there's video content in all these digital platforms that you've mentioned. It cannot be disputed and I don't want to read the slide because everybody here can read, but I just want to bring back some impact of what these words mean. The impact of a global player in a country like ours, with global billions of dollars of resources, and that impact to a local broadcaster the size of ours is important for us to understand. In the South African economy the advertising pie, and I'm
10 sure you all know this, the advertising pie has not been increasing at the rate at which the advertising pie is increasing in other parts of the world. [indistinct 01:29:45] the country, if you look at our sales and all our competition, however we've never contemplated the fact that there would be these global big players like they are, for which, and we are competing for the same advertising dollar, which is, in our terms, not much money in dollars these days, okay. So we need to think about that. How the social media platforms are dominating, taking money away from us. The way social media platforms are constructed they take a greater number of eyeballs and hence a move
20 to increase advertising revenue. And due to the algorithms they use which is not actually available to normal broadcasters with social media platforms, advertising can take place in 10 seconds, five seconds, 30 seconds, 40 seconds and you are absolutely in a market that you cannot compete with. In television for example, you can't really take a five second add into television or 30 second ad, you are

restricted by what you can do in television. So what I'm trying to create here is a picture that shows you that there's an unfair playing fields, they're not level the playing fields. And the only reason they're not as level is because this area is not regulated. Competition has to be fair. Everybody who's competing has to be a fair chance of getting to win. And in this case broadcasters against these social media platforms, we have no chance. We have no chance only because there's no regulation that they have to abide by. Go to the next slide. As far as we are concerned is, it's the ability to advertise is further

10 circumscribed by the terms and conditions of our license condition. We live and die by what our licence conditions say. We've got an average of 10 minutes, not more than 12 minutes an hour, and no matter you do, you stand, there's a possibility you will lose your license if you transgress these rules. If it can be proved that you've consistently transgressed these rules of advertising the regulations about how much of advertising there can be in an hour, or what your average advertising minutes are over the year, that's the biggest threat to us as a broadcaster, the biggest threat we face which jeopardises our licence, which could keep our licence in jeopardy.

20 We're not sure that, and we have to manage it, we manage it every day. Now these are the social media platforms as you call them, they have no such regulation, no such impediment, nothing tells them what they could do and what they couldn't do. And if we have to restrict ourselves to 10 minutes an hour on average, and they could do 15, you can see what will happen to the advertising dollar then. We

contribute to the local economy. We are required to compete with global multimillion-dollar companies, in the cases of the names you know, which provide unregulated content and contribute nothing to the South African fiscus. It's a problem. And we're appealing to you and the commission to understand that if these businesses aren't regulated in South Africa, you're giving us really an uphill battle. The threat is, in future, we may cease to exist. And that's not an exaggeration, absolutely not an exaggeration. We have to understand that there's a limited amount of advertising money, and we must allow people who vie for that advertising money to be able to do

10 it on an equal footing, on an equal basis. We must be able, yes, they can have the audience, we are not restricting the number of people they can have watching them. We are just saying, if we are allowed to do 10 minutes, you must be allowed to do 10 minutes, or the equivalent. In fact, in your case, you should be, in their case they should be allowed to do a little less than that, because they're not using the content, the way they do the content is not like the way a television broadcaster would do it. They get content from everywhere and anyway. If you can read the slide, there's a lot of words in it. There's a threat to broadcasting as you know it. That's what point one says. Point two says, our people in South Africa do not

20 have access to smart devices or sufficient data, and therefore cannot obtain any form of news or access social media platforms, as much as they could do in Europe or the US or anywhere else. The provision of free-to-air television is an essential way to communicate public service announcements, news, and entertainment to millions of people. Another factor that really begs your attention is the piracy of content that continues

to happen. What happens to our content, it gets to be aired not on another broadcaster. It gets to be aired on a social platform, on a digital platform, the likes of YouTube and the likes of Facebook and anywhere else of that ilk. That's a huge challenge to this business, a huge challenge to this industry, the fact that piracy is given a home. What do we do? What can we do as regulators, as a country, as broadcasters? What can we do to sort of reduce the impact of piracy, which sees a platform, which has easy access to platforms such as YouTube, Facebook, and the ilk? I know this is a global problem, but we are facing the problem in South Africa as much
10 as they are facing it globally. We can't fix the world's problems, but we can try to help broadcasters. We can try to fix, somewhat through regulation, the issues that impact on us, especially around piracy. Now, you get a program played on eNews, on eNCA, you get some content played there. It could be distorted and put onto YouTube or Facebook or wherever else. That on YouTube and Facebook garners some audience, not because it's authentic, but it's because it's turned into some angle that is either funny or overly critical, or some angle that certain groups of people want to support. And now those guys watch it on YouTube and Facebook. The numbers of YouTube and Facebook keep going up. Advertising dollars
20 follows numbers. Advertising dollars, unfortunately, they are not discretionary about where they go. They want to just go to where eyeballs are. It is our job to ensure that wherever those eyeballs are, the way they are communicated to is in conforming with the norm of what is reasonable. What is reasonable? We can't do that on television. We can't do that on radio. What is reasonable? You can't take a picture of some person on

eNCA or a video of some person on eNCA and put that video on YouTube or wherever else and distort what the person is saying or make funny, whatever. Use AI to change all these things. There has to be some regulation around this. Something has to happen. So that's me for now. I'm going to hand over to Pippa and I'll come back towards the end, hopefully with our message coming through as loudly and clearly as can be. Pippa?

MS. PIPPA RAFFERTY - EMEDIA: Thanks, Khalik. So I'm going to just

take you through just a bit of an introduction to eTV and to eNCA. And just give you a little bit of background as to where they come from and what

10 are the conditions and the regulations around them. So eTV and

OpenView, as Khalik introduced, is our free-to-air satellite platform. And

they are the only broadcasters whose income is derived solely from

advertising and sponsorship revenue. And I just want to emphasise the

word solely, because other broadcasters in South Africa generally have

another form of revenue, whether it is from license fees, whether it's from

subscription fees if you're a pay TV broadcaster. But in the case of eTV,

and we're the only commercial free-to-air broadcaster, our revenue is only

derived from advertising and sponsorship. As I said, we are and we remain

the only commercially licensed free-to-air broadcaster. And we subject to

20 ICASA, the Independent Communications Authority of South Africa, and in

turn the Broadcasting Complaints Commission of South Africa. And there

are numerous regulations which have been promulgated, which are

binding on us as a licensed broadcaster, which in contrast, no online social

media platform has any of those regulations which apply to it. Sorry, just

moving on. So, as I explained, as a licensed broadcaster, eTV's license

was first issued in 1998. It was later renewed in 2008. And it's currently being renewed again. In our license, we have quite specific conditions around news and information programming that we are required to broadcast every week. So we have to broadcast a minimum of two hours of news and information programming every week. 30 minutes of that has to be broadcast during prime time. We are also required to broadcast in a range of official languages. So we do have a vernacular news bulletin, which we broadcast in the mornings. We are also required to make provision for sign language interpretation, which is in our prime time news

10 bulletin at 8 pm on eTV. We are required to reflect what is happening in the country. We have to have full editorial control, which requires a full editorial news team. And, of course, we are subject to ICASA and to the BCCSA. So if the public have complaints about anything that we broadcast, particularly around news content as well, they are able to immediately go and file that complaint with the BCCSA. And we are required to respond. Now, eNCA is slightly different in that it sits as a separate company, but it's on DSTV, which is a pay TV broadcaster. It's a 24-hour news channel, but it is also very highly regulated. And as it sits on

20 a pay TV platform, it needs to adhere to the BCCSA's code for subscription broadcasting services. It also has to comply with the new online code for the BCCSA. We have to comply with the advertising infomercials and program sponsorship regulations of 2023, which was recently amended by ICASA. In terms of those regulations, when it comes to news content, you are not allowed to accept any kind of sponsorship for news or current affairs programs at all. The only exception is for weather and sports

bulletins. So it's very, very limiting in how you can even monetise your news content. And then, of course, we have the National Party Elections Broadcast and Political Advertisements Regulations of 2014, which we're currently in an election period. So those are also very, very strict around what you may and may not broadcast during an election period. And you have to be very, very careful as to what you're broadcasting during this period. We have to provide recordings to ICASA of every single day during the period. So we give them three months' worth of recordings that ICASA will then monitor to make sure that we have complied with those regulations. And, you know, as I said, it goes without saying that, in contrast, unfortunately, social media and online platforms, there's just no similar kind of regulation or limitation when it comes to them. Now, I explained that we're part of the BCCSA and the code for the BCCSA is also very, quite strict. And we have very strict guidelines around how news needs to be presented, whether it's in a news bulletin, whether it's comment, how it must be balanced and fair, how you need to undertake to get a right of reply from someone. And if you don't adhere to these, there's some quite harsh sanctions. We can be forced to make an on-air apology and we could even be reprimanded with a fine. I think the fine can go up to R80,000 if we don't comply with the BCCSA's code. And, it's very important, and I just want to stress this, that in order to achieve the objects of the code, we have to maintain our independence as a news media organisation . And that requires us to have a full editorial department with strict editorial policies. And that is not a cheap outlay. It comes at a substantial expense. We have a full news team in-house and social media

platforms who don't have any regulation around codes of conduct or editorial policies. It just allows for unchecked content to be played, including sort of this deepfake news and misinformation. Now, of course, eNCA also has its own website and its own social media presence. I think we did speak about this in the written submission that we had made. I think the cumulative amount of social media presence is about, we have about 10.5 million people who follow us on social media. But the main strategy around social media, really, and to have a presence on social media, we felt that is to drive traffic to our channel and to our website. So, we're not
10 able to monetise our presence on social media platforms at all. And so, the only option we have, really, is to be able to see if we can entice people to then watch the channel or go onto the website. So, I think what Khalik and I have really been trying to emphasise is that as a broadcaster and as licensed broadcasters, we exist in a very highly regulated environment. And, it includes advertising regulations, it includes codes of conduct, editorial guidelines, and the digital platforms just don't have any of these similar kind of restrictions. I'm going to now hand over to, I think, Jay, who's going to discuss with you trends in news media.

MR. JAY DAYALJEE - EMEDIA: Thank you, Pippa. Look, if you look at the
20 trends within the news media, there's been a proliferation of, digital platforms, including, social media platforms. And a lot of us today consume a lot of our content on these platforms. And what is concerning for us is more around the youth, you know, especially around Generation X. Sorry, Generation Z. If you look at trends around the way they consume media, they don't spend a lot of time on traditional media, being print and being

television. And a lot of them consume the news on the social media platforms. And if one has to analyse the news on these platforms, they are littered with a lot of misinformation and fake news. And what is concerning is that, you know, if they are solely consuming the news on these platforms, the quality of the news that they'll be getting won't be of a high standard. Our other concern is around the shift of online spend or advertisements, from broadcasters to digital. We have seen quite a severe impact over the last few years where spend around the television category has been declining. And, you know, if you look at one of the main reasons for that is

10 not only the consumption around, you know, these digital platforms, but also the pricing. And because of the lack of regulations, they have reduced pricing, making it much cheaper than your traditional broadcasters. We've also seen a trend of clients, you commit on television reduce their spend quite drastically over the last few years. Pippa, if you can go to the next slide. Look, if you look at the differences between broadcasters and social media platforms, the so-called video sharing platforms have got to do with the way they are regulated. And currently, there's absolutely no regulation for these platforms. Currently, our advertising is, curbed at 12 minutes an

20 hour. And right now, they have the flexibility to put much more ads within their video platforms or their social media platforms. They also have no conditions around the editorial standards, which means there's a lot of fake news going around. And, you know, the fake news is there without any sanction. So there is no responsibility and there's no accountability from the social media platforms. The other thing that we also need to take into consideration is that, you know, when we talk about what's happening in

the digital environment, it's not only around news, but our concern is also around, you know, the general entertainment. If you look at these platforms, they have started eating into the advertising pie. In fact, globally, the Netflix and the Amazons of the world have also now started taking advertising, which, you know, I'm sure will come to South Africa quite soon. So, you know, clearly, there's a need for some sort of regulation around that. And, you know, if you look at because they're eating into our advertising pie, it puts quite a severe risk to our business. In fact, the risk to the television business is not only in the quality of news we put out there, 10 but from an e-media perspective. You know, should it impact heavily against our revenue, it means, the productions that we put out there, the local productions, we'll have to, reduce the cost. And, you know, eventually the net effect is that they could be, job losses, which, any broadcaster will try to avoid. So that's also a real concern for us. Pippa, if you go to the next slide. Once again, the core problem, I think, for us is around, being no regulation or no limitation. And I think that, we need to ensure that these video sharing platforms and social media platforms get some sort of regulation and limitations quite quickly. You know, once again, it's not only those that broadcast news, but the general entertainment platforms as 20 well. There's also a growing trend that a lot more people are consuming content on digital platforms, which means that we as broadcasters need to try and move and put our content on these platforms. However, when we negotiate with them, there is no room for negotiation. In fact, it's either a take it or leave it kind of discussion that we have. And in the event that we take the decision to leave it, remember a lot of these social media

platforms have algorithms which can manipulate where the search engine throws out, any keywords, which will impact negatively on us as we might fall quite lower down the search pages. Thank you, Pippa.

MS. PIPPA RAFFERTY - EMEDIA: Thanks, Jay. I'm just going to pick up from here and just expanding on the last difference really between broadcasters and social media and video sharing platforms from a regulatory perspective. And that's, I think we have sort of gone into this already, but given that the regulation in so far as news particularly is concerned, as we've explained, broadcasters require editorial control in
10 the form of having a full editorial department, which requires a huge cost. It's also a huge cost in technology. Social media platforms do not have these costs and they can rely on the content of others, including us as broadcasters and without compensation, which is most often the case.

The Electronic Communications Act, the ECA, in terms of one of its objects of that act is to encourage investment and innovation in the communications sector. But insofar as broadcasters are concerned, when we see this reduction in the advertising pie, it's actually, it results in a decreasing ability to meet that object. So, these global social media
20 platforms are not actually helping South Africa to meet sort of the objects of the communications sector laws and how we are meant to encourage investment and innovation in South Africa. In our view, we don't see social media platforms wanting to even invest in South Africa, not as innovators or participate in the South African economy. Now, just to dive a little bit deeper into the Electronic Communications Act, as we've already explained, the ECA regulates the licensing regime of broadcasters and all

broadcasters are required to have a license. You may not broadcast without one, but you can't just apply for licensing and get one. It has to be part of quite a competitive, I think we call it a beauty competition. So it's, you know, it's quite a competitive process. There's very strict provisions that get put into the license that you have to follow. And there's very strict reporting requirements also around that license that you have to adhere to. And by then becoming a licensed entity, you are, you know, then you also need to follow all the other regulations that are then promulgated around those licenses, you know, around election periods, as I explained,

10 around local television content and language requirements. There's regulations around disabilities and providing sign language interpretation in even more than just news now. Now, in contrast to what broadcasters are required to do, social media and video sharing platforms, they generally don't even operate within the borders of South Africa. And so they wouldn't even be subject to the ECA or ICASA. And this means that they can broadcast sort of really, as we explained, any amount of advertising that they want. They don't need to follow the political party advertisement guidelines. They don't have to provide their political party advertisements to be checked. They don't have to provide, you know, their

20 broadcasts to be monitored during an election period. In essence, they can do what they want and when they want. And as Khalik, I think, emphasised at the start of this presentation, this lack of regulation enables them to compete unfairly with broadcasters in circumstances in which we are competing for the same advertising pie. I'm going to hand over to Norman.

I'm not sure if you are ready. Ready? He's going to take us through this information.

MR. NORMAN MUNZHELELE - EMEDIA: Thanks, Pippa, and thanks, James and Paula. I think before I start, I just want to make three points. The one point I think Khalik, Pippa and Jay touched on is that we incur huge costs in the production of news content on a daily basis. Secondly, we are very precious about the kind of content we do in order to service our audience on a daily basis. We do so because, thirdly, we are highly, highly regulated in terms of what we do with news. And we have to be
10 accurate all the time. We have to be credible all the time in terms of the kind of information that we send outside. Now, the advent of AI really created some discomfort for us as a news organisation . It has allowed artists the ability to create credible online scams through the deepfake videos. I think probably you have seen some of them that uses eNCA anchors or reporters as if the interview is what happened in eNCA, which is a credible content that we have done. So you may have seen, for example, there is a video which is fake, which proposed to interview Elon Musk about investment opportunities. And I think the second one, David even did a whole show around the deepfake, where it also showed her
20 dressed inappropriately. Leanne Manas is another example of what these people are able to do. And really, there is little incentive for these online publishers to remove this sponsored post. If we complain, because the only thing they can do is just take it down, but the damage has been done. Obviously, this has got an impact on eNCA reputation. As our viewers may not be able to determine, that is not broadcasted by eNCA from time to

time. Fake news is published as if it comes from eNCA. And it creates a form of sensationalism and fake news, which damages the reputation of the channel. Pippa, you can go ahead. As you see here, Twitter, which is now X. But I did make reference to the two videos that I think we see. You can see those videos. But, Pippa, after this, we can share with the Commission those kinds of videos. Just to share with them. You know, when Elon Musk bought X on Twitter, he has disbanded his previous trust and safety teams. They are non-existent. And he revoked bans on extremist accounts that you see. And removed labels identifying government-affiliated accounts. And also censored journalists critical of Musk. But this decision really, which was able to assist Twitter to identify public figures, has foiled disinformation. At a huge scale. Because you are unable to determine what is right and what is not right in that space. And now Twitter has got, I think it's a blue, it's an X-blue. Which anybody can pay a fee and you can get the blue mark. The blue checkmark. And this has been, in our view, exploited by impersonators. Including, for example, the example of someone posing as US Internal Revenue Services. There could be many of those things really that are undermining the value of the things we do. So all of these things are happening, as Pippa has said, and Khalik touched on it. It's because there are no regulations. These people are not being regulated. And there's a need, as we move forward, to have a regulatory regime that regulates these social accounts. And the proliferation of social media platforms, as we have seen in the recent past. And the immediate accessibility and interactive functionality has resulted in the production of fake news. Which we touched on. And fake news

sometimes is available alongside real news. Which makes it difficult for viewers to distinguish what is real and what is fake. And when this happens, it really impacts on the trustworthiness and reputation of real stories. That are generated by reputable organisations like eNCA. And misinformation spreads very fast. Because people do this as a form of entertainment. Because they need to attract viewers and be able to monetise such viewers. An example is that a study in 2022 found that TikTok users searched for top news stories. Almost 20% of the videos returned contained misinformation. That's why we're calling for regulation

10 in that space. While traditional broadcasters are subject to controls, social media and related platforms are not. This means that a growing number of Generation Z are misinformed and may not be able to distinguish what is real. It is only regulation, in our view, which will assist in dealing with this. And most importantly, anti-competitive practices in relation to other providers of content. Just in closing, a public interest organisation in the USA summarised it as follows. And I will quote, "The social media giants are some of the most powerful and well-resourced companies in the world. They build the most sophisticated information-sharing networks that have ever existed. This information is a complicated problem. But these

20 companies, more than anyone, have the resources and expertise to tackle this problem head-on. Regulators need to pay more attention to what is happening behind the social media feed kitten. And let the tech giants know it's time to prioritise finding solutions." I'll hand over now back to Pippa. I don't know who's coming now. Is it Dan?. Thank you very much.

Thank you, James.

MS. PIPPA RAFFERTY - EMEDIA: Just before I talk about the idea of compensation, just one point that I wanted to add, which I forgot to add earlier. It's just the point about how I'm sure the Commission is aware, but currently the Department of Communications and Digital Technologies is in the process of formulating its white paper into broadcasting for the next 20 years and beyond. And this white paper will then inform new regulations and new laws and amendments to bring the broadcasting era into this new technological, digital era that we're in. Because we are quite far behind in terms of our current laws and regulations. But one of the things that the

10 white paper is seeking to do is they're seeking to broaden the ambit of regulation by including OTT services. By OTT, I mean over-the-top sort of video on demand services like Netflix, Amazon Prime, and sort of under a similar licensing provision as broadcasters. So we know that they may in the future be licensed. And in the same vein, we see no reason why social media platforms should not also be licensed where they are also showing content like broadcasters show content. There's certainly room and scope to look at that. And I know that the department is looking at it, but that is one interesting aspect. So we brought up this point of compensation and a lot of the issues which have also come under discussion is the abuse of

20 advertising technology such as ad tech. And as we say, we feel that the only way that this can be dealt with is by regulation. There is a global trend worldwide. We've seen it in the EU, the US and Australia where these social media platforms are undergoing growing scrutiny. We think the same needs to happen in South Africa because they are unregulated and are able to operate as they wish. They contribute nothing to the growth of

South Africa, including the local production sector. And they don't contribute to the fiscus either. The other issue is that they almost earn twice. One time for having access to the content, which they don't pay for. And secondly, being able to use the content for the purpose of generating advertising. So they then take away the advertising from the news broadcasters. And that's just incredibly unfair. And the use of that content needs to then be compensated. And this idea of compensation has been recognised. And even recently last week, we saw that the French regulator again fined Google for breaching some of its commitments to media
10 companies where they were meant to come to an agreement with regards to compensation. But we know that France is not the only jurisdiction which has recognised sort of this anti-competitive conduct. And we do know that the rest of the world do seem to be trying to find a way to regulate them and make the playing fields level at least. Khalik, I'm going to hand over to you to do the conclusion.

MR. KHALIK SHERRIF - EMEDIA: Yes, thank you. We've got one or two more slides left. I'm sure the panel, who I've not had the privilege to meet personally before, but I've heard a lot about them, wish one day we could meet them. To the panel, I want to say that you've heard just one or
20 two main concerns that come through our team. And the one is regulation, regulation, regulation. The second one that's keeping peeping up is equal playing fields, level the playing fields, level the playing fields, level the playing fields. And the recent one in the last couple of slides, compensation, compensation, compensation. So if we leave you with any message going forward, I'd leave you, if I had to say, which of the three,

select two, it would be regulation, regulation, regulation, compensation, compensation, compensation. So I hope we've made our points very, very clear on those two matters. We're not looking for a world that makes life easier without competition. We are one company in media that has managed to survive in a world of assisted competitors. We still survive. And now in this world within South Africa, which is a world of assisted competitors, we have to now fight with competitors that are just not assisted, but competitors that are sweeping. It's like the tsunami that's taking over the world. And a little business like ours cannot be caught up

10 in that. If we are, we will not survive. And we want this commission of inquiry to understand that we can't seek any other assistance from anywhere else, but we can seek what is fairness and what is absolute protection from a tsunami that has the ability to wipe us off clean. So we're looking forward to you, this commission, to have heard us. And we went to 20 slides, but we said one thing or two things, regulation and compensation. And this world is unfair to the extent that we don't have the deep pockets. We don't have the ability to compete if the others are left at any free will. We won't have the ability to compete. Advertising rates we have in television across the country, all television players have what we

20 call a cost per point. A point is 1% of the available audience. So our currency is developed around the 1% of an available audience. That's a cost per point. So what does it cost you to reach 1% of the available audience? What is the CPP, the cost per point? That's the currency that all of us use. Unfortunately, that currency cannot be used across the social media platforms or the digital platforms. They use a very different currency.

And that currency they use is called impressions. Now, I would like one day to take you through all this. If you understand that the rate of the currency, the measurement of the currency between what is a CPP and what is an impression is very, very skewed to the social media guys or the digital guys. For example, if you watch an ad on television, you've got to watch the whole ad as you counted as one person having watched the ad. On social media or digital platforms like we are talking about, if you watch two seconds of a 30-second ad, you count it as you've watched that ad. So these are the things that we have to fight about or argue about or

10 debate in the near future. Now, we can't compete in this global space. We're not anywhere near them. We don't have the tools. We just cannot do it. They have an unfair advantage, as we told you. They double dip with our content. They take our content, play it to somebody else, and they get everything. They don't have the cost of the content to bear, nothing. All they have is very, very intelligent algorithms, very, very scientific methodologies. They have technologies that are world-leading. We in South Africa, we can't house it. Google wouldn't have been created in South Africa, for example. Facebook wouldn't have been created in South Africa. It's created in those parts of the world because technology in those

20 parts of the world is very, very different. The other point I would make is the following. In the world of technology, in the world of broadcasting, in the world of advertising, things happen first in the US, then the UK, then parts of Europe, and they happened to us some months later, sometimes years later. Now, these are the things that the benefit of that is we could see what's coming, and we probably can adjust for it. But here, we saw

what's coming, but we have not been able to adjust for it, because somebody who controls regulation in the country is not awake to these things. Because what happens in the US, the UK, and Europe cannot happen here. It just can't. And there's a multitude of reasons why it can't. It's our society. It's our communities. It's the way we live. It's the way we are governed. It's the way we are ruled. It's the way we are regulated. Everything is different. So you can't be sitting in New York or living in New York and experiencing the flurry or experiencing everything you get on social media, and you're sitting in Joburg compared to the same thing.

10 Very, very different worlds. And that is why this world needs to be treated differently. So, again, it's all about regulation, and this slide tells you 10 times about regulation. We have to find a way to get there. Let's move to our last slide. This is the last slide. Is it the last slide? So let me then say the following. I thought I was going to 27, but anyway, it's fine. The quote that we used in this presentation, I want to repeat that for one second. I know you have this in writing, but I just want to repeat it for a second. Just one part of it. "Social media giants are some of the most powerful and well-resourced companies in the world. They built the most sophisticated information-sharing networks that have ever existed." Now, how can a

20 small little business like e-media even think that we can compete if we are not protected? Oh, protection is the wrong word. We don't want protection. What we want is level playing fields. Thank you for listening to us.

CHAIRPERSON: Thank you, Khalik and the team, for that presentation. I mean, we do, we certainly do have some questions. I think we are a little pressured for time, but you have also made

submissions. I just wanted to pick up quickly on one theme, you know, when we, in the terms of reference included broadcasters, some of the platforms said that they have their own channels, they are unaffected and we're not seeing that concern elsewhere in the world. So, I just wanted to ask you as a broadcaster, what are you seeing in terms of how people are engaging social media platforms and also their advertising? How it's affecting your traditional distribution sources? So, I think, you know I'd be keen to hear not just for e.TV but your eNCA on DSTV, but also your OpenView and I suppose the
10 future digital terrestrial as well.

MR. KHALIK SHERRIF - EMEDIA: OK, anyone on the team wants to respond before me?

MR. JAY DAYALJEE - EMEDIA: Look, let me try and respond Khalik. You know, if you look at the impact of advertising, I mean, you find a lot of research around this globally where digital advertising has eaten into traditional ad spend, starting with print, you'd see that there is a huge decline of advertising around the print medium, and it's been happening for years. If you look at our medium, the television medium in South Africa, it started happening over the last probably five years
20 or so, where you get a lot of global clients moving or shifting money to digital. And the reason why they are shifting money to digital is not only because of the consumption of these digital platforms, but also the price point that they come in. As we mentioned earlier, because there's no regulations around it, it allows them to drop their price significantly. So, to an advertiser or to a client, it makes it very cost

effective. And we in line will have to try and compete with those prices. So, in other words, for global clients, we will probably have to drop our pricing to a certain degree to try and just keep a small slice of the revenue. And we've been seeing, you know, it's been happening more and more where there is quite a significant shift towards these digital platforms. Khalik, I don't know if you want to add anything else.

MR. KHALIK SHERRIF - EMEDIA: Somebody's got something going on there, feedback.

MR. NORMAN MUNZHELELE - EMEDIA: Khalik?

10 MR. KHALIK SHERRIF - EMEDIA: Yes, Norman.

MR. NORMAN MUNZHELELE - EMEDIA: Before you come in Khalik can I just also say a few things?

MR. KHALIK SHERRIF - EMEDIA: Yes.

MR. OSCAR MASHABA - EMEDIA: Okay. So, I think the one issue that we recognise is that there is a, is this ecosystem. Ecosystem allows for the coexistence of us as traditional broadcaster, and social platforms. And there's nothing wrong with a, for example, in my view, when someone develop their own channel, but the problem only comes when, if that channel now begins to take our content. And the
20 content is used then to feed that that channel, which is the content that I think we, as I indicated, we have made huge investments in creating to service our audience. So that is the point I just want to emphasise that you know, creating channels, but the usage of someone's content to feed that channel, that's where the problem is. And there's nobody who really you know, even if you can say it's our

content, the only thing that they do is to take it down and sometimes you don't even get a response. And I think that the point that I want to emphasise around the issue, around the impact, also for us as a business. Thank you, Khalik.

MR. KHALIK SHERRIF - EMEDIA: OK, thanks, Norman and Jay. I'll respond to the question and the question that comes from James and I hope we'll be able to get to the point of what the question is. Advertising in the traditional sense has always the pie for advertising and is in the traditional sense has television at around 40 odds %
10 turned in a few years ago, around 40 odds % also, some 13, 14% went to radio and the rest was shared by Cinema and Digital, not Digital, Outdoor. Now what's happened is, what's happening is that advertising pie, I mentioned that early on, is not increasing because of the specific economic conditions in our country. TV is beginning to get less, less of that pie. Print has lost a lot of the pie. Digital is taking over what Print had and it's also eating into the TV and the radio space. So, we're not commanding 40, 42% of that pie anymore. If you look at, and the numbers I could represent to you, whenever, in the next couple of days. What is the, if I talk to you about what is
20 televisions total Ad pie part in South Africa it becomes about 6.8 billion, 6.8 billion rand that's what it is. 6.8 billion rand is like how many, \$10? How much it is? Take 1. 8 billion rand into dollars Antonia, whatever it is, yes, 6.8 billion rand in-

MR. ANTONIO LEE - EMEDIA GROUP: \$360 million.

MR. KHALIK SHERRIF - EMEDIA: \$360 million is all that is in

television in this country. If you compare that with global companies around the world in dollars, how much money goes to television, it would be 10 times, 15 times, 20 times. Now if in that little pie of \$360 million being diminished on a daily basis by people whose currency, the similarity between what they do and what we do is video. What we're saying is that video needs to have a common currency as the first step to get this thing on playing a level playing field. Now if I talk about a common currency, people around the world and we as a business belong to some groups around the world, it's been a point of
10 discussion for a long time. Now, that point of discussion, as I mentioned before, is in the US and the UK and Europe right now will take us two years before we get there. But what is happening as you saw in France and in other places, there is being a realisation that this unfairness in the gorging of advertising dollars by the digital phenomenon, the Social Work engines, or whatever you call them, has to be, come back to some kind of a confirmed, at a confirmed space. What will be our proposal if we had to worry about what's happening in this world? We're not afraid of competition as I told you, but what we want to understand is that all of the 100% of the
20 advertising pie can't go just to social media platforms, there has to be the existence of broadcasting. There has to be radio, there has to be television, there has to be outdoor, there has to be everything, cinema and everything else. So, what we would say is that in the South African context, digital businesses, that part of the pie, that is forms digital has to be governed to a certain extent to say, listen, you can

do whatever you want to but, in our world, you can get advertising to an extra amount. You can get 35% of the advertising part, do whatever you want. And it's something's like that, that will sort of help us make sure that TV has an existence in life going forward, the radio can exist, that outdoor can exist and not all taken away by what is this global phenomenon right now. Also, that, and I mentioned it before, and I do not want to repeat myself. Unless we can create level playing fields with currencies, we're going to have this battle that is unfair. Now, globally, what has happened is that people have realised very quickly that advertising messages do not really hit the spot on digital platforms. Because you have the ability to stop the ad, you have inability to skip the ad, in more cases than not, in some, now YouTube is getting clever about this, they don't allow you to skip the ad. There're so many ways in which you can avoid the advertising when it comes to digital platforms. Now, in TV you can't do that. So, we're finding that the trend is working like this, people are coming back to TV because, to do the branding and to do the emotion of what their messages are around the brands and they're using the five seconds and the two seconds and the 10 seconds to take that ad from television into the digital space or the message of that ad. So, what we're saying is on advertising, if we're not careful, we won't be able to afford to run our businesses as effectively as we can, have been doing in the last few years. I hope that answers you, James. I'm not sure that we got to the answer.

CHAIRPERSON: No, certainly it helps, and I suppose it's just maybe,

just to unpack it one level low Khalik. I mean, the effect as I understand it from your side is one, just taking advertisers away. I suppose this may be a second possible effect, which is pushing advertising prices down which you, I think have mentioned. And there's a third though that I just wanted to understand as well as changing your TV audience levels because as you mentioned, cost per point or how one sells in the advertising the traditional way. You know, if your audience shrinks because people are watching your content on YouTube, or Facebook then that might also be another
10 effect on you. So, I just wanted to just understand is, if you're facing all three of those.

MR. KHALIK SHERRIF - EMEDIA: Yes. Jay.

MR. JAY DAYALJEE - EMEDIA: Look, I think you're 100% right. We're facing all three of them. You know in terms of reduced pricing, it's been happening, and it makes it very difficult for us to compete. In terms of our content, you know, when it appears on YouTube versus television, you monetise it very differently. On YouTube, remember that revenue needs to be shared number one. Number two, because the price is so much lower, the amount of money you make from a
20 YouTube viewer on digital versus on a traditional television viewer is different. So, it does have you know, quite a negative impact on our business. I don't know, Khalik, if anyone else wants to add?

MR. KHALIK SHERRIF - EMEDIA: I think just for the panels, anybody else?

MR. NORMAN MUNZHELELE - EMEDIA: Khalik, I just want to add

something. Just to James and the panel to understand, there's two components to it. James is referring to where we put the content on YouTube, but there's a bigger hurdle that we have where the content is taken by someone else, altered, put on YouTube, right? And the hurdles around the podcast is that we must deal with that augmented content, or referencing the broadcast to gain credibility of that content, either eNCA, eTV, because we create a lot of lifestyle shows which are part of news, right? Now we don't make anything out of that, I mean that still stays with the platforms, digital platforms. And it's a
10 bigger issue than if you had to put your platform because one, there's security issues around these platforms. Two, there's a lot of piracy around this issue, around these platforms. And what is said about it with regulations, I think could play an important role is that every time this happens, the burden of proof is placed on us as copyright holders of that content to prove that we are the rightful owners before anything can happen. And they infringe, that it can be taken down. It's a costly process that we are currently, as broadcasters, carry, not the platforms. So, we literally on a daily basis we carry to make sure that our content is not pirated to through these platforms, augmented in
20 any other way, distort the message that it was intended to. So, we carry that on a daily basis and no one talks about that. It's an underlying cost that is carried for the last couple of years and it's increasing as we, everything we increase. And it's something that I think must be looked at. And the other part is the ease of use and verification on these platforms. Creating an account is very simple,

allowing everyone to upload content. Now, these platforms argue that it fosters creativity. However, they can't respond adequately on the issues that it's also easier for bad actors to upload, infringe, alter, in this regard. And I think this is where Khalik was talking about regulations, regulations, right? And we can argue here that these platforms current set up incentivise content regardless of its origin. And here is why, their focus is on quantity because when there is quantity they reward the channels with a lot of content and views. Now this potentially creates a pressure for more users to upload content, 10 even if it means using infringed altered material. The ad revenue that is generated, it means more content, it means more ad inventory for the big players, the broadcaster doesn't get anything out of that. So, there's complexity around this. Before we even can engage properly on these platforms, there are other aspects of these businesses that needs to be looked at to ensure that when we finally compete, we are competing on a fair ground. Thanks Khalik.

MR. KHALIK SHERRIF - EMEDIA: You know, I meant to say to the panel, we take matters like this so seriously and that is why our top people are here today. We are represented, we're what, eight or nine 20 people here. And they, because this is a matter we take very, very seriously. And I'm glad that all our team are responding. Good. Next question.

CHAIRPERSON: Thanks. And I just want to pick up then that issue of putting it on YouTube. I mean, YouTube say to us, and they were here yesterday, well people post their content on our, on YouTube because

they also benefit and they see the value. So, I just want to understand, do you see that value coming out of YouTube? And then secondly, if not, why are you still posting there?

MR. NORMAN MUNZHELELE - EMEDIA: I'll attempt to take this one and then any one can add.

MR. KHALIK SHERIFF - EMEDIA: I'm writing the questions so that I don't miss it, so go on Junior.

MR. JAY DAYALJEE - EMEDIA: So, there is a value. As I was going, James and Paula and the panel, is that the value is different when
10 your content is not protected. If you look at broadcast content, it's protected even within the existing regulations in South Africa. When we put there, we're going into the forest or wherever you might call it, where it's not protected. You have our content, which can then be copied by someone, altered, create the same version of it, and put it on another channel. It's something that the regulation, and we've spoken about to these platforms, that they need to look at, right? If you don't put your content on these platforms, you'll also run a risk of being relegated to lost because they have search optimisation engines that take your brand and elevate it in every social sphere that
20 they can if it exists. And if you completely had to just go mute and take it all out, your brand just stays behind when it comes to the digital space.

CHAIRPERSON: Pippa, do you want to go?

MS. PIPPA RAFFERTY - EMEDIA: Yes, I just wanted to add to that, is that you don't, there is value to having your videos there, but you,

there's no negotiation power. There's no, you get handed a contract and you're told to sign, and you say but I don't like this revenue sharing term, you know, can we have a discussion about it? and they say take it or leave it, that's the unfortunate reality. So, you know, you have to take it.

MR. KHALIK SHERRIF - EMEDIA: The take it or leave it we touched on it in our presentation. But it's more, it's that which is a fundamental attitude that is a bullying tactic in an unregulated world. As I said earlier, we can't compete with these major players around the world, because that's how they operate, they operate because they are powerful. Now, what we have done, and why we will continue to put out content on places like YouTube is because we want those eyeballs. Remember, we can't deny YouTube. We can do what we do, but there's also an audience on YouTube. We need an audience because our job is to be trying to raise as enough advertising money that makes our business successful. But the problem we have with the YouTube angle is simply this, and it's only because it's not regulated, we give YouTube the best content we can. YouTube makes R100, a \$100 on that, they give us less than 15. It's our content, we paid for it, somebody needs some way to say what should YouTube in the South African jurisdiction, what should it pay for the content from the South African broadcasters or wherever? You can't come in here take all our content because we need to be on YouTube, and you then give us less than 20% of what is the real value of what you make, that's the one thing. Now what we've done as a business is that

we didn't want this, we don't want to put our audience in YouTube. But we want to use YouTube as a marketing tool. So, we give bits and pieces of our content. We give a minute or two minutes, but it's not content, there's no people going there. We give a minute or two and we say if you want to see more, come on to e.TV or come on to e-movies or come on to wherever. We have to find ways in which to work with these global giants in ways that benefit us. But if we did put one of our movies onto YouTube, they make more money than we would. We don't do things like that, so are we still posting? We're still
10 because there is an audience there. We can stop people in the country from going to YouTube, right? Everybody goes there. We, it's like we, you have a ransom, you either with us or you're without us. And if you're with us you're under our conditions but now that's unfair. We want to be with you, but we want to be fair. We want all our money. You don't take all our money. Let's help find a middle ground here, what's the middle ground? And the only middle ground we can, that can help us is to regulate, saying to people like these, let's work together, let's find something. This is South Africa we do things differently. okay

20 CHAIRPERSON: Yes, thanks for that Khalik. It certainly is South African. And we do, do things right. I just want to ask, it is related to YouTube, but it would also apply to other social media but on Monday, we had open AI come to address the panel and we were discussing with them the value of the data sets. And we raised a question which I want to put to you is, your content is sitting on YouTube, it's sitting

on Facebook, do you have copyright over that? Do you have the ability to say you cannot use that to develop your own AI models and you need to ask permission or is the fact that it's sitting on their platforms open season for them to use that content for that purpose?

MR. KHALIK SHERRIF - EMEDIA: Anyone? Pippa?

MS. PIPPA RAFFERTY - EMEIDA: I mean my gut would say that it certainly wouldn't be an open season for them to use the content. I mean, we are the ones who invest in the content, we produce the content. When we broadcast it, we have the copyright in it. That
10 broadcasts then sets, and you know that copyright will invest in that broadcast. And then in any copies that we make of that, that copyright still sits with us. You know the question then is well when you uploaded it onto a social media platform onto your YouTube are you somehow limiting that copyright to are you allowing the public to use it? I don't think so. We do -

MR. KHALIK SHERRIF - EMEDIA: OK, let me just have help you with that. You see, James, the content that we put on to YouTube or Facebook or whatever, we all have these accounts. Our business has the account, has a Facebook account for each of our brands, for
20 example. So, we put on content there that entices people to come to us, they watch a bit and they move to us. It is not that content that is bastardised, it is not that content that is AI plugged in and changed. That is not done. What is done is the fact, is this, ordinary guy, my neighbour for example, find something interesting on eNCA, and he's a bit of a skelm, if he is, and he puts it on his, he changes and just

talks and he puts it down. There's Twitter, for example, and there's many people who are anonymous on Twitter. Many people on Twitter don't like eNCA for example. So, they take a bit of eNCA's coverage of whatever matter and turn that around totally. Now that is not YouTube, is not Facebook, it's not anybody else. What, where YouTube and Facebook are guilty what then? Indirectly guilty I would say is that they have a platform which is so easily accessible, as Julian was trying to allude to earlier, is so easily accessible, that you could put anything on there and it's OK. So, you take a bit of eNCA content, 10 you can bastardise it, use AI on it, do whatever you want to on it and it's there. Now, that is what we're saying. It's not that YouTube are doing it, or Facebook are doing it, it's the fact that the platform lives without any, how must I put it? Without any regulation, because I can't find a better word. It shouldn't be allowed that, you can put anybody, Tik Tok, you can put any video that you want on Tik Tok. But you shouldn't be able to put eNCA's video up on Tik Tok unless eNCA do it themselves. That one is a difficult one James, this a very difficult one. How do you get to make sure that content that does not belong to my neighbour doesn't go to one of these social sites? Very difficult 20 thing. It is something that we going to really tackle up in the next few years on to get to be masters of what happens in the future.

MS. PIPPA RAFFERTY - EMEDIA: I think Norman wanted to make a point.

MR. NORMAN MUNZHELELE - EMEDIA: Yes. I just want to I just want to make an example Khalik, just to. I think Junior spoke about

the fact that when the content is on these sites, and I think it took us a lot of resources to really go and fight it back. I mean it, I think it, Khalik, it reminded me of the, of a case that I think, that we dealt with around our content being used to show that one of our reporters is a racist, you know that Lindsey Dandelion matter. So, I mean we had to go on a great deal really to, as a channel to try and prove ourselves that she is not, if you recall that case,. Ad I think the burden that put on us as the owners the content for somebody doing a montage or this and this and this and create something that I think is not truthful.

10 And I think that's the point I wanted to, just want to add Khalik on your point.

MR. KHALIK SHERRIF - EMEDIA: Yes, but Norm, as I was saying, it's such a huge challenge, that's a global problem. It is major. But I think what the Commission's jurisdiction should be is just to ensure that we may not be able to control or to regulate what happens in our people put things on. I think, we'd have to find that system in our own way to be able to charge those people at least even make an example of somebody who puts on an eNCA, we must be able to, nobody should be doing any uploading of content in this juristic or in this

20 country or anyway here without giving full details of who they are and whatever else. We have to find a way to trace them back and we have another legal matter with them. But I don't think that's what this this commission is about. This commission is about advertising and how it impacts on us. And I hope we've made some valuable inputs to the commission's trying to get to the point as advertising is leaking out of

our businesses to these uncontrolled areas of concern for us. And that the biggest thing is that because there's a lack of or there isn't a currency that joins video together, we are getting the bad end of the stick. And we can't, there's no way we can change people's behaviours. But we can probably make the grounds equal so that we, our content needs to improve to the extent that it grabs audiences as much as the YouTubes of the world and everybody else of the world but only if the regulation says, you can do 10 minutes of advertising on TV, you can do 6 minutes of advertising on YouTube, you can charge whatever you want to. And if they're so powerful as platforms and if they want to make, imagine that YouTube makes in South Africa, just in the South African business of YouTube, they make 10 billion rand. In fact, it'd be very nice, very good to know and understand what they do make in the South African context. I'm just giving you an example, 10-billion-rand YouTube makes. Facebook in advertising makes a 5 billion rand. And whatever it is that we make, they should be some kind of regulation that says listen man, you can make your 10 billion nobody is stopping you. But as social media, you can only do it three minutes, an hour, five minutes an hour. Let the people pay to reach that audience because you've got a huge audience. So, the economies of scale, the commercialisation and all these matters of how to regulate what can be done. We're not saying you can't earn your 10 billion, take your 10 billion, but it can be easier for you to make 10 billion than it is for e.TV to make 1 billion. It can't be easier for you to come into a jurisdiction like South Africa and make

whatever you want to make against what is been a hard fought business battle born in South Africa, that's the point, there's a whole lot of commercialisation aspects that can be done to help the situation without being anti-competitive, without being reverse bullies, just being fair to what is real on the ground. So, if YouTube makes 10 billion rand a year, let them make the 10 billion rand a year it's fine. You're not going to compete with them and say you can't make 10 billion, you must only make 5 billion. But how do you make the 10 billion? That's important.

10 MS. PIPPA RAFFERTY - EMEDIA: Khalik sorry, I just wanted to make the point about bringing it back to open AI in James's question. I think the answer is really the point we made on compensation, is that if they are going to utilise our content in respect of, if people ask questions and they try then use information that is copyrighted to us, we should be compensated for that. I think that is really the point that we were making in the presentation.

MR. KHALIK SHERRIF - EMEDIA: Yes, but that's if they do it. What if my neighbour does it -

CHAIRPERSON: Yes, I think, I mean certainly the panel has heard
20 your points. I think they've, we definitely going to take away your key points and give it a lot more thought and we'll be engaging you in the next steps of the inquiry. But unfortunately, we're out of time now. But I do want to thank you Khalik and also your team, as you said, you know, to have such a high-powered team, I think is of enormous benefit to the panel and the process. So, thank you, also Antonio,

Media and Digital Platforms Market Inquiry

Júnior, Pippa, Jay, Norman and Oscar for your participation and your time. And we unfortunately have to break. Now we have Meta joining us at 5:30 and that will run till 8:30 this evening. And that is the last participant in the public hearings. So, thank you eMedia.

MR. KHALIK SHERRIF - EMEDIA: Thank you, James.

CHAIRPERSON: Welcome to the last session of the public hearings of the Media and Digital Platforms Market Inquiry. Our last stakeholder is Meta. So, I want to welcome the Meta team. It certainly is an impressive team and I believe also some of you have flown in
10 from far afield. So let me just introduce the team if you don't mind Lena, but we've got Lena Vanmali who's the Associate General Counsel Competition Regulatory who I believe is coming from Australia. We then have Marc Dinsdale, who's head of Digital Gaming and News Publishers, North America. Then we have Dave Kumar whose Public Policy Manager Media and Intellectual property. We have Thabo Makenete the Head of Public Policy Southern Africa region. We have Duduetsang Makuse the Public Policy Manager, Sadek. And then online we have Rachel Curran head of Public Policy
20 Canada. Graeme Burrows, Director, Product Policy Feed and Ranking. James Andrews product Policy Manager Commercial and Brian Fuller, product Policy Manager, General or Generative AI I assume. Gen AI. So, Lena and the team, I do want to thank you for making so many people available across a broad spectrum of disciplines within Meta. I do want to commend you for taking this inquiry seriously and the concerns that have prompted this amongst

the South African media and the public. We certainly look forward to hearing Meta's perspective on these issues. So, as we discussed, we will let you run your presentation, bring your team in as you need to take up different parts of it. And then after that, we'll take up some questions.

MS. LENA VANMALI - META: Thanks very much, James and Paula and to the whole technical team. We really appreciate you accommodating us, you know, it's very late hour and we're what stands between you and wrapping up this part of these part of the proceedings. So, we appreciate that. And more generally, we appreciate the very careful consideration you are giving to these important issues and the approach that you're taking a very evidence based and thoughtful approach. So, we do appreciate that, and we hope, our participation today and this session here today will really help you understand some of these critical issues from the Meta perspective. So, if I can go to the slides, just to take you briefly through what we will cover today. Firstly, we will touch on Meta in South Africa and our investments here in the local economy. We'll then touch on ranking and recommendations. We will then talk more about our relationship with news and the news industry and how that has evolved over time. I will then talk though creator monetarisation opportunities and round that with our approach to AI. So, with that I'll hand over to my colleague Thabo.

MR. THABO MAKENETE - META: Thank you chair and thank you to your panel as well. Once again, I'm Thabo Makenete. I'm based in the

Johannesburg office, Head of Public Policy for the South Africa region. If we can go to the next slide.

MS. PAULA FRAY: We're just launching the presentation, Thabo and then you just can carry on afterwards. Thanks.

MR. THABO MAKENETE - META: Thank you once again chair, if we can just move to the next slide and perhaps this is good place to begin which is Meta's mission. And this is a global mission, and it applies to Africa as it does to the rest of the world. Chair our mission is to give people the power to build community and bring the world closer together. And I think it's important to begin there. How do we do that exactly? We do that by building technology that helps people to connect with their friends and family, that help people build community and that help businesses grow on the platform. When Meta was launched as Facebook it 2004 it really changed the way people connected and how they engaged with their friends and family and their loved ones. Over the years we've had apps like Messenger, Instagram and WhatsApp that have further empowered billions around the world to connect in a much richer way. Chair Meta is also moving beyond 2D and we're moving towards emissive experiences such as augmented reality and virtual reality. And we believe this is helping build the next evolution of social technology. Chair our services are mainly offered in low cost and predominantly monetise through personalised adverts that users can see on their feeds. And given that the services are advertiser funded, we have to attract as advertisers as Meta and we work very hard to do that with a lot of

teams around the world doing that. So, what that means is that the experiences on the apps have to be engaged into our users. When they're engaging to our users, the advertisers will also come. And if our services are that engaging to the users, the advertise will follow suit and they will keep advertising on our platforms. And if not, if the services are not engaging enough people will go elsewhere, users will go elsewhere. There are other services that they can go to throughout the world and online as well. So, chair to make sure that this does not happen, we invest billions of dollars annually to ensure that we better

10 the product, we better the features and we continue building the tools that our users, businesses and advertisers can actually use and engage with to make sure that they remain on the platform. Chair if we do not invest the billions that we do on an annual basis, our services will not be as engaging as they are, which means the users will go to a myriad of other services that are available to them. Simply put chair, users use our platforms because they find value in them. Advertisers keep advertising on our platforms because they find value in them. If we can move to the next slide. As I said chair when Meta launched as Facebook in 2004, it launched as a single product, as a

20 single app. But over the years until now we have built and acquired other apps that we can see on the screen there. And we continue to do this because when products and technologies that have the mission that continue on our mission to make sure that people connect with their friends and family, that make sure that they can build communities on these apps, and they can grow their businesses.

Chair I think this is it for me. I will hand over to my colleague Duduetsang to talk about some of the investments that we have done in South Africa. Thank you, chair.

MS. DUDUETSANG MAKUSE - META: Thank you, everyone. Good evening. I'm Duduetsang Makuse. And I'm going to take you through Meta's presence in Africa and in particular, also touch on some of the ways in which we've been co building the digital economy as we know it in the country today. So as Thabo already mentioned, we're 20 years old as a global company. But we've actually had a physical presence
10 in the country for nearly 10 years. And Joburg is our base for some of our global teams. And those teams come predominantly from three organisation s within the company. So public policy and global affairs. We also have the global business group, and then we have the infrastructure group. And within those teams, we then have a variety of roles, some are telco systems roles, info engineering roles, public policy, as I mentioned, and community engagements and advocacy, as well as government in politics and nonprofit support. And these are some of the team members that are based in South Africa, but tend to work on the South African market, as well as the rest of the
20 continent and sometimes even into the EMEA market. And I think the other thing that I need to point on here and why I lead with that is because we're such a diverse company with billions of users that come to us on a daily basis. And for that reason, we actually have to be comprised of a very diverse workforce. But in addition to that, we also have what we call a distributed work model. And what that means

for us is that anybody who is working in our company could either be based in a physical office in a particular country, or they could be in a remote location. And that does not necessarily limit the scope of work in terms of their influence in another market. And so, this is why we have South Africans that are based here, but we also have South Africans in Paris and London and Dublin and they're working on work that is relevant to that market, but also relevant to South Africa as well. So, this is just the sense of the ways in which our companies is fluid and dynamic in the ways that we work. Next slide please. So, 10 years in South Africa, and a lot of the time that has been spent here hasn't just been in terms of growing the users on the online platforms. I think a lot of users and a lot of the public might not be aware of some of the background investments that we've made in three key foundational areas. And those three areas are predominantly infrastructure. The second is economic impact and the third is digital literacy and online safety. Now, in particular when it comes to infrastructure investment in South Africa most of our strategy have been led by a partner-based model. So, we partner with local companies but also regional companies to make sure that we can pretty much hold hands and drive some of the investment goals, but also the development goals that the country has. So, Africa is one of our biggest projects in terms of our infrastructure. It connects 19 African countries and lands in four landing points in South Africa. And it's expected that the capacity will at some point generate according to an RTI International study, generate close to 36 point 9 billion within

two to three years of commissioning, once we go live, and this will be for the whole continent. And part of the move behind this is to not only expand our own products, but also to expand the entire ecosystem, because the internet is so interconnected. The second one. Next slide, please, is our digital literacy efforts, no, this is economic impact apologies. So economic impact, although also leads into the digital literacy piece. In this particular piece, we're looking at the ways in which our platforms are used for more than just fun. So, when we say we're building communities and allowing people to build communities, 10 these are not just social communities, or you know, based on hobbies, these are also communities that are based on economic development. So, this could be SMBs mom and pop shops, woman led enterprises, youth led enterprises that find a home on our products, leverage our free suite of tools, and following that, they then start engaging with some of our paid offerings. But even before they get to that point, we work with other local partners and these are our NGOs and other enterprise development organisations, specifically to train those who are interested in using our platforms for business activities. Most of our trainings are free except for our blueprint training service which is 20 the certificate-based kind of program. But the rest of it is free and available. We've also made available not only in terms of in person training but also, it's available on our WhatsApp platforms as well. So that we sort of create ease of access. So, as you can tell there we've had quite a bit of that in that past couple of years that we've been rolling these out. And the numbers that you're looking at are specific

to South Africa. So, if we expand these to the broader continent it's even more. The next piece that I'd like to move to is the final one which is the digital literacy and online safety piece. So, on this piece we're basically looking at responsible use of our platforms because we understand that just because you're online, it doesn't mean you know where you should find the resources that you need, the information that you need or how to best use the platform outside of you using it for economic impact. And the focus for this is three-fold. We've basically identified users or user groups and communities that

10 we know tend to be most vulnerable online. This a lot of the time is women. It can be journalists as well, civic actors, human rights defenders, and the youth. And we define youth within the context of the country. But we also make a distinction in terms of miners. So, in this bucket of work, we work with a local CNCS. As I said, we've got a program called my digital world, which has been highly successful. It's available free of charge on our platform, its resources, its modules, self-paced work that somebody can undergo, and pretty much have a look at. It's targeted at school learners, educators, as well as parents. And part of the curriculum also includes ways in which those three

20 groups can interact with each other in terms of getting to a place where they understand each other's use of our platforms, but also how to do so safely. And then I think the second piece that I want to focus on is, which is also my last one, is really the background campaigns that we run. These are campaigns that we run as we see the different behaviour changes of how users are using our platforms. So, for

example, when we started seeing quite a bit of a rise on cyber bullying and the youth, we started responding to that because we're a very iterative company, we realise that something doesn't work, we pivot and try and make it happen so that we can actually help users along. So, in this bucket of work, we go from offline types of campaigns, where we publish the comic book in all 11 languages. But we also have online based campaigns, which are run specifically inside of the platform. And we try to at least make these publicly available to everybody so that they can engage with the content and learn different

10 ways of using our platforms. So, I'll pause there in terms of the programs that we had but I think the main highlights was that it was in those three broad areas of economic impact digital literacy, and infrastructure. At this point, I'd like to hand over to my colleague Graeme, who's going to take you through rankings and recommendations. Thank you.

MR. GRAEME BURROWS - META: Good evening to the Commission and thank you for having us. I'm Graeme Burrows. I manage our feed and ranking policy team. We work really closely with the product teams that build our ranking systems, especially feed. Just a quick

20 note at the top here that I'll be focusing on Facebook in this presentation. And that's really where my area of expertise is, but Instagram ranking operates similarly. Next slide please. So, why do we rank content? Well, the main way people experience Facebook is through their feed. On average, people have 1000s of posts available at any one time. And we need a way to determine which of those posts

are most valuable to people. The personalised process that we use for this is called ranking. The core goal of ranking is to show people the posts that they'll find most valuable and make sure those go highest in people's feeds. Next slide please. So, diving in a little bit deeper, we have four main steps in the process. The first is inventory, which is fairly straightforward, but it's an important step in the process. Inventory has all the possible posts someone could see in feed minus any content that violates our policies. So, any content that violates our community standards, then for each of these posts, we consider

10 1000s of signals to make predictions about what someone will find most interesting. Many of these signals are pieces of information that people give us directly when they like or share a post, or they connect with a friend or group or if they comment on or pages post. Others are inferred based on actions they've taken on Facebook. So, from there, we use these signals to make a series of personalised predictions personalised to every individual about which content the person will find most relevant and valuable. So, for example, our systems predict how likely someone is to comment on a post, how likely it is that their friends will comment on the post, or how likely it might spur a

20 conversation. Our system then calculates a value score for each piece of content, and a piece of content with the highest value goes to the top, feed. Next slide, please. So just taking an example here, this post from John with his family, why might someone see this post from John? So, we'll look at the signals some of the example signals listed on the left here. John may be a popular poster, right? Lots of people

might give us a signal that they find his content interesting. We might look at interaction related signals. So, is this a time of day where you are typically interacting with this type of post? Were you tagged in it? We might look at content related signals. So, is it a video or a photo? Or is there a topic or signal that's important? Is it a post about cooking or do you like posts about family? We also look at infrastructure related signals. So, is your internet connection at the time you logged in good enough to play a video? Or should we show a photo instead? And simply looking at when was the post posted whether it's still

10 relevant to you is also an important signal. So, we then use those signals to predict how likely a user might be to do a number of things. So how likely might a user be to interact with their family and friends on that post? How likely might they be to hide it? If they're not interested? How likely might they be to like, comment, or share or interact or engage in a different way, view the post watch a video or click on a link. Next slide please. So, it's important to note, I think that in addition to behavioural signals, like likes and comments, we also assess whether a post is valuable to our user by simply asking them and getting this type of direct feedback and building into ranking

20 models is a growing piece of our process and a really important one. Next slide, please. We also make a number of integrity related prediction. So, while I mentioned at the start that we remove community standards, violating content from our inventory right at the beginning of the ranking process, we also take steps to reduce the distribution and the ranking score of posts that may contain integrity

related issues. So, for example, if we find that a post includes clickbait, or borderline but not quite violating graphic violence will reduce the ranking score and that content will be shown lower in feed. This is in line with our general approach to content moderation where we remove content that's community standards or policy violating, you reduce content that might not be violated but it's close. Next slide. So, one integrity area of note for today is misinformation. Our policies articulate different categories of misinformation. And we try to provide clear guidance about how we treat that type of speech when we see

10 it. So, we remove misinformation when it's likely to directly contribute to imminent physical harm or interfere in a political process. For other misinformation we reduce distribution and inform users that content has been fact checked. So, what do I mean by fact checked? So, we partner with nearly 103 third party fact checking organisations around the world who review and rate viral misinformation, including two organisations in South Africa, Africa check and AFP hub and we have third party fact check of coverage in seven languages in South Africa. Overall, we've contributed more than \$150 million to programs supporting our factchecking efforts since established in 2016. To

20 combat the spread of misinformation and we continue to invest in this area. Next slide, please. So, no model is perfect. So, we also believe that it's important to provide users with control over their feed ranking and transparency about our ranking process. Next slide. So, I'll start by covering a few of the controls that we have. We continue to invest in this area as well, trying to find different ways to enable user control

whenever we can. So, one control that you may have seen show more, show less is the control directly in feed where users can easily customise their feed just by telling us what they want to see more or see less of the type of content. They can also x out of that post. They can hide the post or unfollow the posts directly from feed. All of these are strong signals for us that a user might want to see more or less of a type of content. We also have a number of customisable feeds. So, we have most recent feed, users can effectively turn off our ranking model and simply view their feed in chronological order. And they can
10 even break it down by content type. So, if they want to see content from just pages or groups. We have favourites feed where users can control and prioritise posts from 30 friends and pages. And those will be boosted in feed or viewed in a dedicated tab. Feeds tab is the place that allows users to toggle between standard feed, most recent feed and Favourites feed. And we also have something called the reduce control which allows users to control if or how strongly content that we think is low quality or sensitive is reduced. We really welcome and value input on ranking from users and are always exploring new ways to offer people control over their drinking experience. Next slide
20 please. So, moving on to highlight some of our efforts around transparency. Meta has a deep commitment to transparency. We provide, we try to provide tools and information to help people understand our technologies when we can. Our AI system cards are our solution for explaining how the AI systems including ranking in our products work. System cards provide an in-depth view of number of

AI systems, 22 different systems, which are made up of many models and dynamic rules. So, we try to write these system cards in a way that can be understood by experts and non-experts to like. Go to the next slide. Thank you. So just to give a couple of examples of how these systems work and how they look. As I said they show the top prediction models for 22 of our recommendation systems across our platforms as well as some of the key signals that feed into those predictions. We'll update these cards periodically as our AI systems change over time. So, a couple examples here on the left, you can

10 see two of our main prediction models and Facebook feed that predicts how long you might spend viewing a post or whether you'll score right by it. The signals feeding into these models are closely related to the prediction as you might expect. So, for the first prediction how long you're predicted to view a post? We'll look at signals like how many posts in the same category viewed or clicked. And how many times you viewed a similar post or the same post in the past. For the second feed example on the left, how likely you are to scroll past the post? Signals that might be considered our features of the posts like whether it's a video photo or friends post, and how

20 much time you spent on similar posts. You can see a couple examples of reels on the right and they operate in a similar fashion. Next slide please. And because the main way most people experience Facebook is in feed, we also published a separate article with a much deeper look at the top signals and predictions that we use for ranking Facebook feed. And this piece we tried to represent the vast majority

of the signals currently used in feed ranking to make personalised predictions. And of the approximately 100 prediction models in feed, we also outline which of these models are used the most frequently, which are used occasionally, and which are used less frequently. Next slide please. So, we also have in feed transparency efforts that explain why a user might be seeing a specific post. So, it's totally called why am I seeing this or waste. Users can click the three-dot menu in a post and click Why am I seeing this to see more context around how the algorithm is sourcing that piece of content. For
10 example, because you might have watched a similar video from the same creator in the past month, or maybe you liked a similar video from a different creator. During our research on why am I seeing this, people actually told us that the transparency was great but they also wanted to be able to control their feed from the same place. So, we've made it easy to manage what users see in feed right from this feature as well. Next slide please. And finally, and I'll close with this, we also have tools so creators and publishers can better understand how their pages and posts are doing. So, we have met a business suite and professional dashboard which provides insights around, and page
20 management resources to help users optimise their performance and really know how their posts are doing. So, we share detailed metrics to help users get a better understanding of their accounts, and gain insights on how others might discover and interact with them. We have an insights tab, where creators and publishers can see trends and visual reports of the account, platform and post level. You'll see

that on the right of the slide. And these include content and follower reach, number of impressions, engagement and shares among other signals. We also offer resources to help creators and publishers quickly access help and guidance for commonly asked questions and frequent issues. Our hope is that these tools help people manage their online presence with analytics and sweeter resources. I think Marc will speak a little bit more of the business suite later in the presentation. And with that I'll pass it to Dave Kumar to discuss Meta's relationships with news.

- 10 MR. DAVE KUMAR - META: Thanks Graeme. As Graeme said I'm Dave Kumar, I'm the global policy team focusing on medial and intellectual property issues. So, I want to, you can go on the next slide. I want to start by grounding this discussion in how content, news content ends up on Facebook. So, the first way is publishers overwhelm choose to share links or uploads photos or videos. The publishers choose what type of content? Obviously, they upload. But what we've seen is that vast majority of content that news publishers share on Facebook are links to news articles on their own sides. And the vast majority of over 90% of the news content in feed is publisher
- 20 posted content. So, it comes, the publishers choosing to post their content on our, on Facebook. The second way is obviously users can, we've all seen these, users can reshare content posted by a publisher. There's the share button at the bottom, and they can share that and, you know, we sometimes see if your friend shares a news article, you'll see it there. And then finally, of course, users can copy and

paste a link as part of a post, or they can share it using share buttons that are on the publisher zone website. So, you know, often you read an article at the bottom, there'll be sort of an icon for Facebook and share, and you can share it that way which, again, is another way in which sort of users are taking advantage of tools from the publishers to share a content on Facebook. So, a couple of things to distress there. All of this together is really a very small amount of the overall content that people see in the feed. So less than 3% of what people around the world see in feed are posts with links to news articles. And, 10 you know, and again, just to re-emphasise, you know, of that less than 3% more than 90% of that is posted by the publishers themselves. And the corollary of that is, an important point I think to emphasise is none of this is coming from us. We're not the ones sort of proactively posting content onto the platform. Next slide, please. And so, I just want to emphasise that last point, I think too often in these discussions, whether it's part of this inquiry or and sort of in other jurisdictions, I think there's a tendency to paint all tech platforms with sort of too broader brush and sort of not really understand and appreciate the differences between the different you know, the way 20 the different platforms work. So, as I just said, you know, publisher content appears on Facebook only when publishers choose to share that content or that's the vast majority of the way in which the content shows up on our, on Facebook. And in a minority of cases, it's when users choose to share publisher content on Facebook. And it's my contrast, search engines provide access to every publisher laying and

other information, obviously, all across the web by crawling or scraping content. And again, not to sort of say one is, you know, that search engines are sort of inherently sort of indifferent, whatever, box and you've obviously heard from representatives with Google sort of describing their business practice, but that's really just to draw the distinction between search engines and social media. And with that, I will hand it over to Marc to talk more about the value that publishers get.

MR. MARC DINSDALE - META: Thanks, Dave. And thank you for the
10 invitation to come to speak today, it's greatly appreciated. I'm Marc Dinsdale. I'm head of Digital Gaming and News Publishers in North America. As Dave mentioned, publishers control how much content they share, which content is share, and when. And they do this in a variety of different ways. Some assign people on their teams do this manually. Some publishers invest in developer resources to automate the process, so anything in their content management system might have rules to automatically publishes to Facebook. Some even introduced an intermediary layer to align what they post to their core strategy and their core business goals. A great example of this in
20 Canada anyways is the Globe and Mail, who have introduced an intermediate intermediary AI layer that effectively analyses the content that they have possible to share on Meta on Facebook and makes decisions based on which content do they believe will drive subscriptions and that's really the focus of what they're seeking from us. They're seeking to introduce people to their brand and to get

people to their websites, they can sell subscriptions. So, in effect, these practices are all based on what is it that the publisher is seeking to draw out of relationship with us. As Dave mentioned, overwhelmingly, the industry shares links to articles on their website. This makes sense from a business perspective, obviously, for the publishers, because when we remove somebody from our environments and send them to the publisher's website, the publishers is able to show them ads, try to sell them up to a subscription, ask for a donation. Get them to subscribe to their
10 newsletters. etc. And they retain 100% of the revenue that they do within those activities because it's obviously within the world of their environment, we do not share in that revenue. So, as I mentioned, this is the principal value that the industry, the news industry anyways has sought in our relationship. In addition, they gain access to a rich array of exportable data that provides insight into the work that we're doing on our platforms and helps them guide their strategies. Thank you, next slide. Ultimately, Facebook and Instagram if we focus on those two represent only two of the more than a dozen ways people interact with news content online. As we were approaching the
20 unfortunate decision that we had to make, businesses you had to make last year to end the availability of news content in Canada, we saw a number of publishers publish articles and posts across social media of all the different touchpoints that consumers have with them. A very interesting one was from CBC News where Brody Fen and, Editor and Chief of CBC News in July of last year, published an article

to inform people of all the different places that CBC News publishes, and that people can therefore interact with them. And it was a bullet list with 13 bullet points that included there over the year television channel, the CBC News Network, which is their specialty cable channel, CBC radio, streaming channels that they have with Roku, and Samsung CBC radio, sorry, the CBC Gem app, which is their over the top streaming channel which includes news content, the CBC news websites CBC News app, CBC radio website, the CBC listen app podcasts. So, they listed seven news podcasts, they were
10 amongst the most popular. Email newsletters that they listed 12 of those. YouTube channels of which they listed 11. Tick Tok accounts and they haven't even mentioned x in other platforms as well. This is not to say that every publisher is necessarily as innovative or as well funded as CBC News. But I think speaks to the rich array of choice that publishers have to reach their audiences and that's arches have to reach news content as well. In fact, some of the comment here during this transition period last summer, pointed to the fact that consumers have never had more choice really, to reach news content, and all the different formats and all the different places that is made
20 available. Thank you. Next slide. And we've talked a bit about Meta business suites a couple of times in the previous slides. So, I'll pause and talk a little bit more about that it is a single destination through which managers can manage their, publishers can manage their content and also gain insights into performance. So, they can post in real time, or they can schedule posts weeks ahead across Facebook

and Instagram. They can manage their audience. So, when they receive a message from an audience as a centralised inbox, they can create automated responses to manage volume and to project their brand quickly and effectively back to their audience. And then there's a rich layer of insights as well. These insights don't just sit within Meta business, they're also exportable. So, a lot of publishers will export all this data, incorporate it into their own audience management systems, match it to, you know, whatever analytics tool they have, Google Analytics or otherwise. And that's where we see solutions like the

10 Globe and Mail who extract the data and are able to marry what they see in terms of behaviour on Facebook to what they see on their own platforms, in their apps, etc. There's a content library so they can see the performance of posts. They can create AB tests to optimise post performance, so they can swap the image in two posts or swap the title and deliver both to sample audiences and once there's a determination of which one will perform better, that's the one that continues to be delivered. They can track mentions, so they can understand how to reply to people that are talking about them. And then there's a rich array of insights around audience. So, they get an

20 aggregate view of reach, visits, follower counts. They can see holistically as a business how they're performing over time. On the content level, there's reach and engagement per media type so they can understand differences in performance across all the different ways in which they can post. They have a dashboard where they can see the top performing content to see what is trending for them

effectively and then metrics, importantly, on each post that they post. There's also enhanced metrics related specifically to video where they can understand audience trends over time. They can examine loyalty and retention. Loyalty being, are they building an audience that continually comes back for their video content and retention being, are they creating video content that gets people past 15 seconds to 30 seconds to one minute plus so they can understand which videos are doing that and how they can change their strategy to better monetise their video on our platform. They also have a look obviously
10 at their earnings and what they're making on a video. And then importantly, they have reports around monetisation so they can understand, are they monetising right now? Monetisation on platform is really limited to video in that sense for publishers. So, what is their status? Are there any policy violations that is limiting their monetisation, etc.? All that is available and exportable from Meta Business Suite. And with that, I will pass to my colleague, Rachel.

MS. RACHEL CURRAN - META: Thanks. Thanks, Marc. And thank you to the commission. We know the commission would like to understand our perspective on the Canadian Online News Act and
20 that legislation has been raised by a number of stakeholders across our sessions in the last couple of weeks. There's also been quite a bit of mischaracterisation of the Online News Act in reporting and commentary. So, I think it's important for us to outline our perspective on this and our legitimate business decision taken in response to that bill. So first, the government of Canada has sought to use the online

news act to secure payments from Meta in support of the Canadian news media industry. The legislation was crafted specifically with Facebook and Google in mind. This was made clear by the former minister of Canadian heritage and the payments to flow from the mandatory contribution regime under the act would be significant and uncapped. For example, federal estimates from the government here project that Facebook alone is expected to offer no less than 62 million dollars annually to comply with the requirements set by the Online News Act. Secondly, the legislation misunderstands the true relationship between our platforms and publishers and is based on a fundamentally flawed premise that Facebook benefits unfairly from publishers sharing links to news content on our platforms when, in fact, the reverse is true. Publishers are the ones who choose to use Facebook because they benefit from doing so as we've just outlined. Third, as we've gone through in detail, news is not a substantial part of why users come to Facebook. It makes up less than 3% of what they see on their Facebook feed. News overall provides minimal value and is of decreasing value to Facebook with user preferences shifting to creator-driven content, especially video. Faced with this confluence of circumstances, that is, significant and uncapped payments for content which users are not seeking, Meta in Canada made the only rational business decision it could, which was to cease to make news available on Facebook and Instagram. We have been clear and transparent about why we were taking this decision. In October of 2022, we first raised our concerns publicly with Bill C-18, the Online

News Act, how it was based on false assumptions of our relationship with news publishers, and we also talked about the possibility that we may be forced to consider ceasing the availability of news in Canada as a result of the law. We repeatedly communicated these concerns and the possibility of that outcome if the bill passed in the form that it is now. In June 2023, we announced we would be ending news availability on Facebook and Instagram for all users in Canada prior to the C-18 coming into effect. We then commenced ending news availability in August of that same year. And look, as the Minister of
10 Canadian Heritage said, how we choose, or chose to comply with the legislation was a business' decision that we had to make and we made our choice in Canada, which was to end the availability of news on our platforms. I will turn it over to Dave to talk about the impact of having removed news in Canada, both on us and the publisher ecosystem.

MR. DAVE KUMAR – META: Thanks, Rachel. So just, you know, sort of the postscript to this was what was found both by us and by an independence analysis by Reuters is that after the passage of the Online News Act when we ended news availability, the availability of
20 news in Canada, the number of daily and monthly users on Facebook in Canada continued to grow in line with what we saw in other markets around the world where news remained on the platform. And the same was true of time spent. That also continued to increase sort of in line with other markets where obviously news was still on the platform. Next slide. So, a lot of information. So, I just want to end by sort of

summarising what our commercial relationship is with news. The bottom line is for us, news content just does not generate unique commercial value for Facebook. We find that it's highly substitutable content. I also want to just emphasise the point that Marc sort of walked through is that we believe that Facebook provides news publishers with a free source of traffic and multiple free business tools and services for the content that they choose to share on Facebook. But as we found, news is just not especially or uniquely valuable to our users. As we've said, you know, less than 3% of posts and feed

10 globally include links to news articles. We found, you know, news is really not the core reason people come to our platform. They come to connect with friends and family. We've seen an increased interest in consumption of creator content and other short form video. And as the sort of lesson of Canada was, you know, to sort of emphasise the substitutability point, is that when we ended the availability of news on Facebook and Instagram in Canada, we found that our sort of users and time spent on the platform and so on, the metrics that the business cares about continued to increase in line with other markets. So, just a couple of concluding points here. The first is that I do want

20 to emphasise, we're talking about commercial value here. I think, you know, many of us in this room, you know, we have policy backgrounds, legal backgrounds. I think anyone in this room, if someone happens to be tuning into the live stream, they're clearly interested in these issues and care about news. We have to sort, what we're talking about here is the commercial value and sort of

understanding that our experiences with the platform and so on are not representative of the sort of overall user base of Facebook. And that when we're talking about less than 3%, we're talking about, you know, the overall user base. And so, you know, for people like the people in this room who care about news, their lived experience may be a little bit different. They may see a little bit more news, but we're talking as a business as a whole. We're talking about sort of what our users see. And the other point, we recognise that news has an important role in society. We recognise the economic challenges that news publishers face. The Commission has obviously heard a lot about both of those from news publishers as part of this inquiry, but we do view this as a societal issue that requires a societal solution and rather than one that sort of focuses on just sort of a handful of tech companies like ours. And I do think that that's, you know, there's sometimes a little bit of a mismatch between we understand the problem and we don't disagree with that, but we're approaching it from what the commercial value is to us as a platform. And with that, I will, I forgot who I'm passing to. James, that's right.

MR. JAMES ANDREWS - META: I'll jump in here. Thanks, Dave, and thank you to the Commission for the time and the discussion. It's very much appreciated. My name is James Andrews. I head up our commercial product policy team, which is really in charge of providing guidance to our product teams across a number of different monetisation and different commercial offerings, from that up. For this group, I think it's important to highlight that we're focused on

developing an array of different monetisation tools so that creators at all stages of growth can make a living or build a sustainable business. When we talk about creator monetisation, we're generally referring to monetisation products across our family of apps that allow users to earn money based on content or relationships. It's important to highlight that creator within creator monetisation applies to multiple cohorts, including individual content creators, businesses, and news publishers. So, just to really emphasise that point, these tools are equally accessible to news publishers who meet the eligibility criteria and policies, as we'll detail in a bit. In short, one of the other main themes you'll see in this space is that where content is valuable to us, especially video content, we're trying to build a variety of monetisation tools where we can help pay creators who are making said content. Next slide, please. So here, we thought it would be helpful to just show the commission a quick snapshot of our current monetisation tools, our sample of them, to give a better understanding of the array of options that I mentioned previously. On the left side, for Meta Funded, these are really our traditional programs where we insert ads into creators' content. I'll talk a little bit about our performance-based pay out model on a later slide, but this is mostly across in-stream ads and ads on reels. In the middle, brand funded really refers to what we call branded content. So, we provide a branded content tool across Facebook and Instagram where creators can partner directly with brands or advertisers to create and post branded content on our platforms. These deals happen off of platform and brands help kind of

directly pay our influence creators for such content, and the creators can retain up to 100% of that revenue generated. It is important to note in this space that Meta typically has no visibility into the revenue generated by creators through branded content as the contracts or payments are happening off the platform between these two third parties. However, it is important to note that this tool does give some necessary transparency to people about which posts they're seeing that have an underlying exchange of value. Finally, on the right, fan-funded is really what we refer to as fan appreciation and cuts across different products like Facebook stars or GIFs where we're trying to allow creators to earn revenue more directly from their fans or followers. Next slide, please. So, this is, there's a lot of words on this slide, but it's essentially giving you a snapshot of some of our overarching monetisation policies, which my team manages, and then some of our eligibility requirements on a per product basis. So, it's important to note that across all of these products, we have monetisation policies that dictate both who can monetise and also what types of content can monetise. We really strive to make our policies really clear and transparent for all stakeholders to understand. So, you'll also see that our eligibility criteria is publicly available, and it's all in the vein of really trying to help creators know where they stand with their eligibility status for any various product that we offer. This criteria does differ a bit per across each app that you'll see here. And that's intentional, just given that each app may have different nuances or provide unique value to creators. So, we

want to reflect that within our policies and our eligibility criteria itself. And just lastly to note that across these products and policies, we don't have any specific policies restricting news publishers from their use as long as they meet the general eligibility criteria. Next slide, please. So, just to give some visuals for some of the products that I mentioned to help kind of frame it in the Commission's mind. In-stream ads, I think most people are aware of this, but it's, simply put, it's our product that helps creators earn money by placing short ads within qualifying videos. One thing to highlight is that we are shifting

10 from a traditional revenue sharing model to a performance-based model. With the previous traditional revenue sharing model, there are many variables outside of a creator's control to influence their overall earnings, such as how many advertisements that user has already been shown viewing content or whether there's a relevant ad to deliver to that viewer. With the performance-based pay out model, creators can sort of refocus on the content that is resonating with their viewers and that has helped grow and help them grow their accounts in the first place and then be compensated for that. Next slide, please. So, this is just expanding upon our fan appreciation products for both

20 Facebook stars and Instagram GIFs. The short of this is that people can buy packets of digital stars or GIFs and then gift them to creators who can then in turn cash them out if eligible. We see a lot of different interesting use cases here and are excited to keep expanding this in the future. And last slide. Finally, we also offer a subscriptions product across Facebook and Instagram. Simply put, this is really where we

allow Facebook pages or Instagram accounts to have their fans subscribe by paying a monthly fee and the fans can gain access to exclusive content that otherwise wasn't available, and that the payout goes directly to the creator where Meta doesn't take a cut. So just to close out, we hope that this set of slides just really shed light on the different ways that Meta invests in helping creators monetise on our platform. So hopefully it's helpful. And with that, I'll hand over to Brian to cover AI.

MR. BRIAN FULLER – META: Thanks very much, James. It's a
10 privilege to speak with you today about what Meta is doing in AI. I'm
Brian Fuller, a product policy manager here at Meta. I have the
enviable task of working with the teams that are developing these
technologies. Next slide, please. Let's start by talking about the
products that Meta is creating that incorporate generative AI. Let's
start by talking about the products that Meta is creating that
incorporate generative AI. But before we do that, it's worth taking just
a brief moment to look back at how quickly these AI technologies have
advanced. Next slide. AI is not an entirely new concept. It has been
evolving since the mid-20th century, each era being marked by some
20 significant advancements. The birth of AI can be traced back to 1956
with the development of the logic theorist, which was the very first AI
program. The next major milestone was probably the testing of the
first chatbot, which was named Elisa at the Massachusetts Institute of
Technology in 1966. This marked the beginning of AI's application in
natural language processing. AI's potential in strategic thinking and

decision making was showcased in 1997 when IBM's Deep Blue supercomputer beat Garry Kasparov, the reigning world chess champion. Kasparov, this is true, he thought that there was a man hiding inside of the supercomputer that was feeding it the correct moves. He asked to look inside to see if he could find his opponent. The current era, often referred to as AI 2.0, has seen people really embrace the potential of AI. No one's looking inside the box anymore to see if there's a man hiding inside of it. It has seen AI-based art generators and text-based tools, indicating a growing acceptance of AI applications in various fields. The future of AI holds a number of highly exciting possibilities, like personalising our everyday experiences. Next slide. Now I'll briefly talk about the history of AI at Meta. As we mentioned earlier, Facebook was founded in 2004, but we just recently hit the 10-year anniversary of the creation of our foundational AI research lab, also called FAIR. FAIR is a critical piece to Meta's success. It's one of the only groups in the world with all the prerequisites for delivering true breakthroughs, some of the brightest minds in the industry, a culture of openness, and most importantly, perhaps, the freedom to conduct exploratory research. We've seen first-hand how making AI models available to researchers can reap enormous benefits. AI has been used, for example, to speed up the discovery of antibiotics and to generate equally accurate and detailed MRIs using only about a quarter of the raw data that would otherwise be required. In 2016, Meta AI researchers set out in collaboration with the AI community to build a better framework for AI research itself.

This led to the creation and the open sourcing of the PyTorch machine learning framework. Today, PyTorch has become one of the leading platforms for AI research, as well as for commercial production, with over 18,000 organisations currently using PyTorch. Here at Meta, internally, PyTorch powers 50 different on-device AI models across different mobile applications. Some of which Graeme spoke about earlier. On July 18th of the past year, we launched Llama2 globally for public, commercial, and non-commercial use. Llama2 is available for free for use by businesses and individuals anywhere and
10 everywhere. We released both pre-trained and fine-tuned versions of the model. Llama2 is not free for everyone. You can access Llama2 models from our website. They're also available on Microsoft's Azure and Windows, Amazon Web Services, and on Hugging Face. For a limited set of companies, i.e. those with over 700 million monthly active users, it's not free. Instead, we'll work with them directly to license the models. An open approach to today's AI models promotes transparency in the access. Openly sharing large language models like we're doing with Llama2 and others have done with models like Falcon or Mosaic, to name a few, supports the development of safer
20 generative AI across the board. In the future, we will continue to develop models and share them to power innovation. We'll also use these models to develop new and innovative ways to improve user experiences across our family of apps. Next slide. Okay, so that was the history of AI. Now let's talk about all the products that we're actually building that incorporate AI. In September of last year, we

launched several generative AI products at the Meta Connect conference. We launched a flagship Meta AI chatbot alongside several other chatbots that have unique and engaging personalities. They are represented by the likes of Tom Brady, Paris Hilton, and Snoop Dogg. These products are not yet available in South Africa, but we're working hard to expand them into new international markets, and we hope to make them available in South Africa in the future. Next slide, please. We also launched /imagine, which is an image creation tool that produces photorealistic images in response to users' text prompts. You simply tell Imagine what you want it to see or what you want to see, and it creates it for you. Because we recognise the importance of ensuring that people can quickly identify whether they're looking at images that were produced by generative AI, we prominently include visible watermarks on these images. Next slide. AI Stickers is an image creation product that is presently available in South Africa, and in message threads, users can simply type in what they'd like to see to create their own entertaining stickers with a cartoonish art style. These stickers provide an engaging way for people to express themselves and to creatively identify the very perfect way to artistically represent their thoughts and feelings in the context of a chat with a friend or family member. Next slide. We're also incorporating AI into the hardware products we develop. We recently released the next generation of our Ray-Ban Stories smart glasses. We're working to incorporate AI into the glasses. We released a first version of an AI system in the United States at the end

of last year. The way that we envision AI being used in this context is to be able to help identify things in your vicinity to improve your experience of your everyday life. So, you can imagine, for example, if you're walking through the streets in a country that you are just visiting, you might use AI to help you identify nearby landmarks. You can similarly imagine if you're walking through a forest, using AI to help you identify the plants that you're seeing or the birds that you're hearing. Next slide, please. So, now let's talk about the importance of open sourcing at Meta. I've touched on this already, but it's worth

10 diving into in a little bit more detail. Next slide. In May of 2022, we opened up access to large language model, or LLM, research by making a model called OPT175B available to the broader research community. Since the release of this model, it has been used for a wide variety of applications, including protein design, quantum physics, translation, and more. This just illustrates the broad applicability of these AI technologies for a multitude of applications. We next released for research only our first LLM model in February of last year. Within days of the model's release, researchers in various academic institutions were able to develop fine-tuned versions of

20 Llama that could, for example, follow instructions, which was something that the model didn't come prebaked with. This illustrates just how quickly the research community is able to take tools that they are provided with and expand those tools to advance the state of the art. Consistent with our long-held belief in the power of the open-source community, we want to make Llama available even more

broadly. This is where Llama2 came in, which we released for both research and commercial use in July of last year, subject to the broadly permissive license that I mentioned before. Since then, we have developed and open-sourced other Llama models, including our Code Llama model and our Llama Guard model, which is also based on Llama2. Code Llama is designed specifically for coding-related tasks, but Llama Guard is designed for safety-specific tasks. In other words, you use Llama Guard to make other AI models safer by filtering out harmful content that those models might otherwise produce. Open

10 sourcing AI models enables academics, researchers, businesses, and a broader developer community to help improve the state of the art more quickly. Open sourcing doesn't just help make models more performant, however. Llama Guard, for example, illustrates that open sourcing helps make AI models that are even safer. As the broader community has already used Llama Guard to events the state of the art in AI safety. Next slide. Llama2 has been downloaded more than 100 million times since its release, enabling tens of thousands of businesses to build new products incorporating this technology. We believe that making these technologies available publicly isn't just

20 smart business for us. It's also good for the world. It empowers businesses to create innovative products. It democratizes these powerful technologies, improving economies at a global scale. Lastly, it helps these technologies advance more quickly toward accomplishing all that they can do to improve the lives of everyone across the globe. Thank you very much.

MS. LENA VANMALI – META: Thanks, Brian. And thank you very much for letting us get through all of that. We appreciate it was a lot of content, a bit of a whirlwind tour of a number of topics. And so we're in your hands now to answer any queries.

CHAIRPERSON: Well, maybe Lena, given the time, maybe we can take that five-minute bathroom break and then we can resume.

MS. LENA VANMALI – META: Sure. Happy to. Thank you.

[Break 04:50:18 – 04:57:23]

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CHAIRPERSON: Alright. We're back. And thank you very much, Meta, for that presentation and the input from across the team as well. Certainly, covered a broad breadth of topics. And I'm sure, I think as we've said to many, part of this is also the exchange of views, educational. That's the whole role of public hearings is to provide that transparency and the like. I just want to start with understanding the role of journalism in South Africa. So, from what we've heard at least journalism plays a critical role in ensuring the right to freedom of speech and democracy more broadly. And would the Meta team agree with that?

20

MR. MARC DINSDALE - META: Yes.

CHAIRPERSON: And maybe this question is for Duduetsang and Thabo, but in a young, fragile democracy such as South Africa, it seems the role of the press is particularly important.

MS. DUDUETSANG MAKUSE – META: Yes. I think we agree that

there's definitely a value in having news in society, particularly in a democratic society, and I think also in an election year, the usefulness of news for the public is not really something that we would say we disagree with.

CHAIRPERSON: And I think it goes further than that. We heard from a number of the press, especially some of those that were involved in uncovering corruption, private sector fraud, that the media has in fact a massive economic benefit too in that oversight role by strengthening governance, preventing corruption, and promoting economic growth.

10 Would you agree with that as well?

MR. THABO MAKENETE - META: Yes, Chair, we would definitely agree with that. I mean, some of the exposés that we have seen really puts credence to that. And yes, we are definitely in agreement with that.

CHAIRPERSON: Yes, certainly in South Africa in the last probably 10 years as well. You're absolutely right. And we heard from community media that they hold a particular role in holding local municipalities, and that's in the South African structure of governance, to account. That's resulted in policy changes. And in fact, some have said that the
20 demise of local community media has resulted in weakened governance at a local municipality level. Would you agree?

MR. THABO MAKENETE - META: Chair, I would definitely agree with that. And I think we have seen the roles of organisations such as the MTDA that have funded the community media to ensure that it maintains its place in the democratic society. So, Chair, yes, I agree

with that wholeheartedly.

CHAIRPERSON: And then I think, you know, one other thing we heard in a country as diverse as South Africa is the importance of getting news reported in your own language, not just translated to your own language, but actually reported. Is that something you would also agree with?

MR. THABO MAKENETE - META: Absolutely, Chair.

MS. PAULA FRAY: Thank you. Since the public hearing started earlier this month, I mean, we've had numerous media come and present to
10 the panel, and we've heard that the media industry in South Africa is in severe trouble. I'll just give you some examples of what people said. We heard that the number of journalists has reduced by potentially 70% with an example of one newsroom, which once had 300 journalists, now has about 37 journalists. Would you accept that shrinkage in our sector, in the South African media sector?

MS. DUDUETSANG MAKUSE – META: Yes, I think we can appreciate also the fact that there's been declining numbers in the newsrooms and also externally in the ways that people have been engaging with news.

20 MS. PAULA FRAY: I mean, we're just kind of getting a sense of what the media landscape was like, and some of the things that we heard was the largest online news site in the country has been forced to put up a paywall, and yet is still making losses. And that papers with a very long history, more than a century old, have been closed. In fact, one newspaper closed the week before their media house came to

make representations here. And that there are many others who actually came and presented who said they were facing a similar fate. Would you have any reason to disagree that that's the scenario we're facing at the moment?

MR. JAMES ANDREWS - META: No. No reason to disagree. I mean, I think as we acknowledge, we clearly understand that news publishers are, you know, have economic challenges, significant economic challenges.

MS. PAULA FRAY: And I mean, it just seems that if the media sector,
10 if the industry is in severe trouble, then it doesn't bode well for our democracy, for a young democracy like South Africa that that would follow from what we've discussed from the presentations that we've heard. Would you agree with that?

MR. THABO MAKENETE - META: Absolutely, Chair.

MS. PAULA FRAY: I mean, and when you did your presentation, the one thing you did not include was that Facebook actually created content or created news. And so, if, in fact, we ended up without a news sector or a media sector in South Africa, Facebook would not be able to step in and actually fill that gap? I mean, Facebook does
20 not produce news and so it would not be able to fill that gap. Okay.

MR. THABO MAKENETE - META: Yes.

CHAIRPERSON: I mean, maybe just to contrast that position that the media is, I think Facebook just announced probably its best results in a long time. Just based on your SEC filing, I think you reported revenues of \$135 billion for the annual year 2023. An operating

income before tax of \$47.4 billion and that's a profit margin of 35%. Is that correct?

MS. RACHEL CURRAN -META: Those are the figures reported, yes.

CHAIRPERSON: I mean what I also find interesting though when I look at it is you're obviously making an investment in virtual reality and reality labs and just the way the accounting rules work, you expense it rather than capitalise it in your asset and that was losing \$16.1 billion. So, if we take that out and just look at the family of apps, there your operating income was \$63 billion on revenues of \$133 billion or
10 47% profit margin, so much higher. Is that right?

MS. RACHEL CURRAN -META: We can't comment on, obviously we don't have the numbers in front of us, but if that's the calculation you're doing then.

CHAIRPERSON: But I think you'll accept that that is a very profitable business, the family of apps and obviously you're making investments elsewhere which is for your future revenue streams as well. Now Meta does report for USA and Canada, Europe, Asia, Pacific. It doesn't report for South Africa. We just fall in the broad rest of the world and from your SEC filing the revenue there is 14.65 billion. As you say,
20 you don't have the numbers in front of you, but I can assure you that that is there. And Courtly Raj came in to speak to us. I'm sure you're familiar with her work. But she had a Professor Roy who I think is from Canada and I don't know where. And he did an exercise for her that he passed on to us. But what he did was basically say, well, you know, this is an advertising business, so your revenue is going to be highly

correlated with GDP. If we look at South Africa's share of that rest of the world category which excludes USA, Canada, Europe and Asia Pacific, then we're about a 3% share. Apply that to the rest of the world's revenues and we come to around \$446 million being earned in South Africa or roughly 8.5 billion rand.

MS. RACHEL CURRAN -META: We've provided on a confidential basis our revenues in South Africa for which you have those.

CHAIRPERSON: I'm just going on Professor Roy's estimate. And if we take that 47% profit margin, that would put a 4 billion rand profit
10 made out of South Africa on Professor Roy's numbers. But as I understand that, that is not recorded in South Africa, it's recorded in Ireland as with Google, as with Uber, as with Microsoft. And so there's no tax on that profit in South Africa. Is that correct?

MS. DUDUETSANG MAKUSE – META: I believe we pay tax in South Africa.

CHAIRPERSON: But your revenues from advertising are channelled through Ireland, are they not?

MS. DUDUETSANG MAKUSE – META: I wouldn't be able to confirm that. I don't have the information.

20 CHAIRPERSON: Well, I think most publishers who contract with Meta would be able to confirm that. But maybe just going back to the investment, so Duduetsang, you fairly, I think, said, that the cable investment was partly about growing your own business. There's a commercial rationale for that, for sure. And I mean, would one say not the same for economic impact as well? Training people to use

Facebook products to reach audience and sell generates advertising for you as well.

MS. DUDUETSANG MAKUSE – META: It generates advertising, but not at the scale as what our business groups, for example, would deal with. Because the SMB models and economic impact programs are really focused on making sure that whatever monetary value somebody can derive from accessing their markets directly, they get to keep. And it really is about making easy the ways in which people can trade. So, when you would traditionally have had to go and rent
10 out a shop, pay for a website, do all these things that would increase your operational costs, what we're seeing is that folks that are using our business tools for free are able to immediately access the markets that they need without having to go and pay for expensive bundles of advertising from other places. So yes, there's a growth point in terms of should that business be successful, it would be great for everybody concerned. But immediately, the point is about addressing that gap in terms of people's employability and the ability to earn money off of our platforms.

CHAIRPERSON: But I think we see, I mean, Google will say that
20 they're trying to get people onto the web, onto their maps, because of the same economics. You hope that they then use that as a channel to sell, to advertise through those platforms. And that's the sort of mutual value, you could say, that's generated. But there is a commercial value to Facebook from that as well. I just want to then just go to just looking at Facebook in South Africa, but also Africa.

Because I think, you know, sometimes these global statistics just sort of hide what may be continental or regional differences. And there are big differences, I think, as you may well acknowledge, and I see nods. But one thing that Facebook has done in Africa was Facebook Basics. That was launched, I think, 2015. I may be wrong, but it enables free Facebook, certainly in South Africa. And that has been done through MTN and Vodacom. And I think Cell C as well. I can't recall Telkom, but maybe you can enlighten us on that. But basically, that's a partnership that allows people to have free mode. You can't look at a
10 video, but you can certainly do all the text and other stuff. I mean, is that correct?

MS. DUDUETSANG MAKUSE – META: Yes, that's correct.

CHAIRPERSON: And I think there's, I mean, I'm sure you're aware there's a lot of debate around this initiative. And I don't want to go into that whole debate. But I think Facebook said it's giving people access to the internet. And I think some of the critics of that program are saying, well, it gives you access to Facebook and Facebook becomes the internet for people. There may be some other services tagged on. But I suppose what it does do is, it has served to expand Facebook
20 considerably in Africa. You know, Africa has certainly challenges on the income side and free internet is welcomed.

MS. DUDUETSANG MAKUSE – META: Yes, I think part of the reason why that program is so important is exactly as you're pointing out, right, to find a way for those who would otherwise be excluded be given access to be on the internet. But I think the additional point here

is that it's not about necessarily dwindling the internet so that Facebook is the primary gateway to the internet. And unfortunately, we're in an environment where sometimes we can't go to our peer companies and say, let's all band together and form a consortium of entrants to the internet. So, in as far as we have control of our platforms, yes, we've gone ahead and tried and made sure that people can access those platforms and that, you know, both at the infrastructure level and on the devices that they use, that they're able to use our platforms and access them.

10 MR. JAMES ANDREWS -META: And if I could just add to that, that I think, as you pointed out, Free basics does allow access to non-Facebook sites. And I will also just point out that, you know, we did develop a product called Discover that actually allows browsing of the entire web, again, without sort of photos and videos or the text mode. And again, I mean, we offer those programs in partnership with other telecom operators, like you mentioned. And so that was, you know, I mean, it's not, Discover is not available, I believe, in South Africa unless, I used to work on these programs, that's why I'm speaking up on them. But it is something that, again, was available for, you know,
20 operators to offer depending on their interest. But it was something that was made available in other countries to sort of address specifically the argument that this wasn't just about Facebook and sort of the walled garden argument that has been raised by critics.

MR. THABO MAKENETE - META: Yes. I think to add to that, I mean, it's not only Facebook that is working on these programs, even the

mobile operators themselves, they do work on programs that zero rate certain websites. And they work closely with government and other entities to provide a list of zero-rated sites so that people can access the internet. I think everyone in the ecosystem of the internet, realises the importance of the internet and how important it is for people to access, and everyone is really trying to do what they can to make sure that there is that access even to people who cannot afford data. Thank you Chair.

CHAIRPERSON: Now look, I mean, we're particularly familiar as we
10 impose zero rating on the mobile operators here just before COVID that covered education and government services. It didn't cover the press, and maybe that was oversight on our part. But I think, I mean, you know, as I said, I didn't want to get into necessarily the debate around, I mean, there are different viewpoints on this. But I think what it has done is make Facebook extremely popular on the African continent and in South Africa, and we see that. But also, because of the free mode option, it can be a gateway to a number of content and I think we see this as we get into to the discussion of news as well, because I'm now sure you're familiar with the Reuters digital report.
20 We've discussed it a lot and had Reuters come here. But what is interesting is that for South Africa, at least 56% of social media users say they go to Facebook for news. That's the highest of all social media. In Kenya, it's 61%, Nigeria 64%. And it's still on the increase, not on the decrease. So, and I think the other stat there is 57% of users state they share news on social media as well. But this is in

contrast to I think some of the stats in other countries. Certainly, the stat put out in the Nero report, which Facebook or Meta commissioned, and that Nero report said a decline from 45% to 30%. But Reuters has, let's just take USA and Canada around 29% of people go to Facebook for news, the UK is only 17%. Probably half that number 20, 30% to share news on social media. And even if we look at some other developing countries, you know, India, which I know, did ban Facebook basic, because they concerned about neutrality. Facebook is only third at 39%, Brazil is fourth at 35%. So, 10 all of these are way lower than Africa. In Africa, people are going to Facebook for news in sort of double the numbers than we're seeing elsewhere. Is this something you see in your own data?

MS. RACHEL CURRAN -META: I think it's helpful to contextualise some of those numbers. I think you're talking about James, because they are representing different things. And I wonder whether maybe Marc, you want to comment on the Reuters in particular?

MR. MARC DINSDALE - META: Yes, thank you. I'm not able to comment on the numbers as you speak about Africa versus other countries. I think that when we look at our discussion about news, it 20 is really in recognition that when we hear numbers like that, it is in some ways a demonstration of our participation in the news industry as well and the value that we do provide connecting people to news organisations. I think is also in the Reuters news report. And this is where it's challenging, because we get data that might be conflicting and it's hard to separate this out. I believe in one of the Reuters digital

news reports, they also said that 20% of people on Facebook said there's too much news. So, you know, I'm having a hard time answering the question, because there's a lot of different factors, I think, at play.

CHAIRPERSON: Yes, and I think there's also questions around, who are you getting the news on from when you're on Facebook or other social media, but mainstream media, Sydney features more prominently in Facebook and, and X, maybe less so on some of the others. But what I just wanted to sort of bring through, Marc is, aggregating globally is not necessarily useful. There are big differences. And in Africa, in particular, Facebook is not only very prominent, because it's sought to make it available free, at least for many and invested in that. But also in Africa, people are going to Facebook for news in probably double the numbers that we're seeing in other areas or regions. I mean, would you accept that?

MR. MARC DINSDALE - META: Sorry, there we go. I don't think I'd be able to comment in that sense. I think one of the challenges that we see in some of those questions is really that they don't address the question of substitutability. So, I think there is an assumption when the question is asked, do you go to Facebook for news? Or do you see news on Facebook, that there's a correlation between the presence of news on the platform and the intent of going to the platform to do exactly that. And I think that's the difference that we've seen in the last year as we've had to make decisions, particularly in Canada.

CHAIRPERSON: So, have you got your own research on South Africa or Africa?

MR. MARC DINSDALE - META: No, I don't believe we have our own research that would be similar in that sense.

CHAIRPERSON: Yes, but any research on what the users want and where they're going and why they're going to Facebook?

MS. RACHEL CURRAN -META: So, I think as a general Meta, we do look at across various global markets. We'll look across South Africa for local nuances as to what is really driving user consumption. But in
10 terms of news content, I think given what we've sort of spoken about today, the minimal commercial value it has to Meta, that's not something we focus on in particular to look at, do consumers come to our platforms for news in particular, it's just not a type of content we look at in that way.

CHAIRPERSON: No, look, I find that interesting. And we'll come to this in more detail. But a lot of your engagement is around, well, this is what we see. But we're not seeing the research from Africa, we certainly didn't get anything when we asked for research on consumer around news. So, is it just not interesting to you what's happening in
20 Africa? How people engaging? Because certainly Reuters is showing that there's a lot more engagement of your users wanting to go to find the news in Africa, on Facebook.

MR. MARC DINSDALE - META: Again, I would say, I don't think that we've gotten or that we have researched specifically that. When we look at the research that we do, we see a declining interest in news

on our platforms, writ large, as you mentioned, on the global scale, I wouldn't be able to comment specifically on Africa, apart from what I said before of I think there's a presupposition that the presence of news on our platforms means that people go to our platforms with an intent to see news as opposed to with an intent universally to connect with communities that they care about.

MR. BRIAN FULLER – META: And I just do want to add here that when we do this kind of research on what users are interested in and so on, that that is a global, I mean, you know, it's the same thing, I
10 obviously don't know what percentage and so on, but that is a global sample and it does include, you know, people from all regions, including Africa.

MS. PAULA FRAY: Can I jump in again? Thank you. I mean, I have to agree with James, and I do find it interesting that there's such a demand for news on Facebook, and certainly one of the things that came out, and I think we will probably unpack a bit more later, is the difference between search and social media and how people are actually relating to those two very differently. But one of the things that came out in the public hearings and is consistent with the picture
20 of a demand for news on Facebook is that the communities actually choose to engage with vernacular content on social media and community media through Facebook and other channels. I mean, that came out very clearly. We had several community media come and actually give testimony and Facebook was really critical to them. I'm not sure if you heard, but if you would have any reason to disagree

with that.

MR. DAVE KUMAR – META: Certainly, no reason to disagree. I mean, again, there are, you know, we make these, you know, the platform is available to anyone to use, and there are no doubt people who are using our platform to share links and reach people who are interested in their content.

MS. PAULA FRAY: Possibly though, Dave, I mean, the advantage that Facebook has in terms of the use of Facebook basics is that people would be able to go to Facebook a lot easier. The Association
10 of Independent Publishers presented their membership, and what was really interesting was that 112 of their members had Facebook page to distribute their news as opposed to 104 websites. And simply that in terms of the communities that they serve, the demand from communities was actually to be able to get the news there on Facebook. And I put that to you if you didn't get to see their presentation. And then we also heard testimony, quite frankly, that vernacular news really battles on search for various reasons, with search's inability to be able and weaknesses on African language, whereas Facebook can really, people can engage in their own
20 language. They can serve their communities. Communities can get the information, the local communities. And so, it's a really incredible and important, powerful even, means to actually consume news. I mean, does that resonate with you?

MR. THABO MAKENETE - META: Chair, I think it's, I would agree with what you're saying, but it's very important for people to get the

content that they're coming to Facebook for in a language that they prefer. I'm Sotho, I read a lot of Sotho content. But I think it spans across a wide range of the content that is available to the users that they prefer to engage with that in the language that they're more comfortable with or the language that they prefer.

MS. PAULA FRAY: You know, community radio, which is essential for a really diverse media, was also pointing to the ability to actually draw on Facebook in order to really encourage engagement and that the communities were actually going there in order to engage with them.

10 And I know that you have experience with radio, so I mean, would you want to comment on that?

MS. DUDUETSANG MAKUSE – META: Yes., I think it makes sense that that would be the experience if you think about also, you know, when you put it in the context of digital literacy rates and all of that. Something that is audio visual and something that would be, you know, a quick sound bite from our platform and then you go off platform to go and actually get the longer version and immerse yourself in that news content. So, are we part of the process somewhere? I think we certainly agree that there is some point, at
20 some point, a touch point between the publisher and ourselves and maybe audiences would then come to either us or directly to them to engage with that content.

CHAIRPERSON: And I think, I mean, whilst we appreciate your global company, we are just flagging for you that Africa is very different. South Africa is very different, and maybe you need to start thinking

about that in your decision making because there are a lot of people in poor communities looking for Facebook to get their news and to engage with their community media and even national media, you know, that's what they want.

MR. MARC DINSDALE - META: Sorry, if it's appropriate, I would just signal that we have made some conscious investments in South African media as well. In 2020, we contributed \$390,000, including \$140,000 grants to South African publishers to help with COVID related news coverage in 2021 as part of the Middle East and South African Facebook accelerator. There were four South African publishers who participated that connected them to industry leading experts, not Meta experts, but, you know, Tim Griggs, who's filming from the New York Times, et cetera. The Daily Maverick, Nation Media Group, Times Live, or Arena Holdings, and the Mail and Guardian participated in that. And I think got a lot out of the discussion of how do traditional media businesses understand or seek to transform in the digital age as well. So, I just want to complement this discussion with just a call out to some of the programs that we have done in the past.

20 CHAIRPERSON: Thanks, Marc, and thanks for raising that. I mean, I suppose, the question that we're faced with is, I mean, it was \$140,000 over COVID a few years. As we understand, three quarters of that is in Facebook credits, not in fact card cash or anything. Is that correct?

MR. MARC DINSDALE - META: I think I mentioned \$140,000 of that

was grants. So that portion, which I think speaks to the proportion that you're speaking about.

CHAIRPERSON: And from what I exercised with Professor Roy was earlier, I mean, that is against \$8.5 billion in revenue and \$4 billion in profit, and that's just one year. So, it kind of doesn't seem like a big number when you look at it in that context. And four publishers, I think, as Paula said, I mean, just in the independent media, which didn't feature in those four, I mean, there were a hundred and, I think, 78 publications, 147 publishers. I think community radio is a similar
10 number. So, yes. Whilst we appreciate what we do, we also have to put it in perspective. I want to, now just move a little bit away from, let's say, Africa and look at Meta itself. And I think what's interesting for us has been that that almost this news journey of Meta that it's been on, I mean, it was Meta, and I think it started around 2014, as I've got here with a few initiatives. But it was Meta that actually sought to try and engage the news media and journalism back then, launching a few projects, culminating in Facebook Journalism Project in January 2017. But I think things like Instant Articles came out in May 2015. You had Facebook Paper. You had Facebook Newswire.
20 There were a few things that Facebook was doing to actively engage with the news media. Is that right?

MR. MARC DINSDALE - META: Yes. I think that's correct. That's part of the list of programs and features that we've tried to launch to understand if there's a product market fit with news content on our platform.

CHAIRPERSON: Sorry. And what do you mean by product market?

MR. MARC DINSDALE - META: I mean, I think if I were to characterise those investments that we've made and the experience that we've made, and there's a number of them, Instant Articles as well, the break and use indicator. We've tried paywall integrations. We've tried persistent logging. And of course, the Facebook News product as well. I think all of those are indications of an interest to try to see what the relationship is with news on our platforms. And so, I think they were, I would qualify them as good faith attempts to
10 understand if there is a win-win, if you will, beyond the fundamental value of referral traffic that is principally the foundation of the relationship. So, I think with all these products, we tried to understand if there was a larger place potentially for news content on our platforms. And I think that when you look at the end of the road of this, and again, understanding these are global numbers when we speak of the 20% of people saying there's too much news on the platform, et cetera. I think that we, and understanding the outcome of the, the outcome in Canada around the commercial value of news content. I think we always come back to the fundamental premise that what
20 works best is what publishers already do and what they did. And when we tried to understand if there was more place for news, the products didn't lead to the results that we would have wanted, or the industry would have wanted as we tried to work with the industry to understand what was important to them and how we provide more value.

CHAIRPERSON: No, I think that that's interesting. And I think

sometimes the view changes. So, what I did is I went back to that original Facebook blog when you launched the Facebook Journalism Project, and just to see how Facebook put it then. And I think it is interesting. You start with the usual Facebook wants to do our part to enable people to have meaningful conversations, to be informed, and to be connected with each other, but it's meaningful conversations and be informed. And then you say, it's not sort of testing, but you say, we know that our community values sharing and discussing ideas and news. And that's why you, as part of your service, you're going to
10 care a great deal about making sure that healthy news ecosystem and journalism can thrive. So, at that point, you knew your community valued news and conversations around news. That's why you launched this. Is that correct? I know you don't have the post in front of you.

MR. MARC DINSDALE - META: Yes. Thank you. I think also one element to keep in mind is, and we say this a fair amount when we talk about products like Facebook News, that we are in a different moment in time and that the preferences of people on our platforms change over time. And that's where you see, I mean, since that time,
20 there's been a migration of the preferences of people from what they were doing before to video content and seeking more than 50% of the time spent on our platform is video content and that people at this point in time now are seeking entertaining content from creators. So, I think we should contextualise these things that have happened in the past with the fact that this is a continuum of evolution. In the

intervening time as well, I would just point out that, and I think Reuters pointed this out as well, that there are some characteristics across the board of news consumption. I think it was either in 2021 or 2022 they spoke of the rise of news avoidance. So, there's a lot of factors I think that speak to a change in people's consumption of news globally, universally I should say, not globally. And then also the transition of people to different interests on their platforms as well.

CHAIRPERSON: And maybe just to contextualise again, I think as we already discussed in South Africa in fact people going to Facebook to news is growing still, the same in the rest of Africa and it's twice the rest of the world. So, I also think if we're going to contextualise, we should contextualise what we are dealing with in South Africa because global averages as I said is not always a useful approach because this inquiry is certainly concerned about South Africa. And as we discussed initially, journalism in South Africa plays a critical role and people seem to be interested because they're going there for news and we heard from YFM that deals with the youth in fact and we asked them this very question because we said, the platforms are telling us that people aren't interested in news what's your experience? And they say quite the opposite. The youth in in South Africa is highly engaged, wants to be informed about the news because it affects their future and so their experience is not news avoidance at all. It's in fact news is very important for them.

MS. LENA VANMALI – META: Maybe if I can sort of make a comment around that James, I completely appreciate the views that are being

raised by other stakeholders through this inquiry. I think it's very hard for us to comment with specificity around those numbers and you know this this is a point that we're more than happy to pick up with you afterwards so we can sort of test this further because I think it's really important to have a bit of kind of balance between both sides of the coin here. And again, it is quite difficult for us to respond in the moment when we haven't really seen those numbers and figures and we don't have the opportunity to test that with what our users are looking for.

- 10 CHAIRPERSON: Lena, we certainly can. I'm just saying that I don't think it's disputed that Facebook is more prominent in Africa and people are going there for news. And that Africa is different from many other regions and that's the main thing we're just trying to highlight. You can certainly engage with YFM, it's available on our YouTube channel. You can go and have a look but they weren't the only one, in fact there was a lot of um corporations who came and interestingly you know YFM said news was 3% of their content too but they didn't measure its value in how it was monetised directly or in its proportion but it sparked enormous conversations amongst their presenters and
- 20 their audience. The audience went to Facebook amongst others to engage further and deeper on those conversations. That's how they would seek to drive that engagement but as I said they weren't the only one. So, I think go and listen to that too. I don't think it's an unbalanced view. I think it's just what we're hearing through this inquiry and what we're seeing in the data that is available to us. But

maybe just continuing with that post on Facebook back in January 2017, it then proceeds to say we can better serve the needs of people on Facebook by partnering to develop products. So, Facebook is seeing is as servicing the needs of their users not some philanthropy with the news organisations. Would you accept that?

MR. MARC DINSDALE - META: Yes, I would. I mean, I have no reason to refute what you're saying is in the post. I think, again, that I would point to what we have done and the products that we have built and the fact that ultimately, they did not end up leading to higher engagement in news content, did not lead to kind of success, which is why they've been deprecated. So, I think that's seven years ago, again, we were in a different moment in time. We've tried a number of different initiatives too, whether they are the Facebook Journalism Program or product initiatives as well. And I think at the end of the day, the realisation of this is that whether or not we create an entire surface, like Facebook News, that only contains news content, that it doesn't increase engagement audience. It doesn't give the types of returns to the publishers that I think any of us would have thought, and that ultimately, you know, you'd look at the Facebook News product, for example, and the audience for that in the US and Australia has decreased by 80% in the last year. So, I just want to always be mindful of the passage of time in this, and the work that we did, have done with the news industry in mind. We would talk to the news industry, and they would say, what is important to you? And they would say, well, it'd be great if you could have a paywall integration in

your product so that, you know, whatever happens on Meta, with the instant articles can mirror our paywall approach on our own properties, and we built that. And ultimately, not as many publishers joined onto it as we would like. It didn't lead to the results, and that product was deprecated. Same thing with persistent login. Like, you know, having a conversation with the industry trying to solve these problems, and just not getting the results. And ultimately, when you look at the direction as you mentioned, that the company is going in, and when we have to prioritise our projects in this way that's why you
10 see some of these projects that didn't yield results, either for us or for the industry get deprecated.

CHAIRPERSON: And I suppose, Marc, I mean, the question I would pose to you is, is that your South Africa-specific experience? I mean, we never got Facebook news, so the US and Australia may be fascinating for the Australians and the Americans, but for our inquiry, it's not. I mean, there wasn't anything there. And if we look at your investments, I mean, you mentioned the aggregator, but that only moved beyond the US shores very late. Most of your investments, it seems, were in the US initially. Is that not a fair comment?

20 MR. MARC DINSDALE - META: I think that's a fair comment, in the sense that that is reflective of our general approach to product developments in the first place. We look for environments in which a product we are looking to build can be tested, again, looking for product market fit. So, if you look at, for example, Canada hasn't had these types of product releases either. So, I'd want to say that, I mean,

I guess I would say it's a fundamental feature of how products are built in that sense and is not reflective of an interest or a disinterest in any region.

MS. PAULA FRAY: So, just for clarity, there aren't products being built specifically for Africa, that start off here and move out?

MR. MARC DINSDALE - META: I mean, we would not build a product specifically for a region, anyways. I believe that's a fair statement. Anything that we build, we obviously build it with the goal of it becoming a global product. But as part of our product development
10 practices, we look to test some markets to understand if there's a product market fit before we then expand the products farther afield.

MS. PAULA FRAY: So, when you build a global product, it starts off in the global north, and if it works there, the rest of us can have it?

MR. MARC DINSDALE - META: I would not characterise it that way. I would also need to better understand the history of all the products that we've built. I'm just not aware if there is anything that might have been built, you know, and tested in a different region initially, and then built out. I just don't have that scope of view over all the things that we've built.

20 MR. DAVE KUMAR – META: Yes., I think, again, there's only so much I think we can sort of go, because it really depends on the product, but there are products that are, I think, the product teams usually just look at sort of look at markets where they think it will be good to start off, and sometimes, and they're not always in the global north. I mean, we did talk about Free Basics and Discover and so on. Those were

clearly not; those were targeted to what I guess you would describe as the global south.

MS. PAULA FRAY: But you would hear James' contention that the context, the needs, the consumption of Facebook differs in this region than it does in the global north, for example, in the American markets. And that perhaps what you need is to be looking contextually at what is necessary here, and what you could be producing here.

MS. RACHEL MA - META: Okay, I think that's sort of, that's fair. We do need to kind of look at that as against how we see engagement on
10 our platform. And I think we've talked about that before. I'm also very conscious of public hearings. I don't want to sort of talk about the confidential information we have provided. But in our RFI responses, we have given you data on the level of engagement that we have seen from news publishers in South Africa relative to kind of engagement from South African users generally. And so, I'd really encourage the commission to sort of look at that against the context of what you're hearing from Reuters and from other participants.

CHAIRPERSON: I mean, we certainly will. But let me just, and, sorry, Marc, I don't even need to switch off, because sometimes we can get
20 feedback on the mic. And we're not getting it today. But I mean, we obviously look at all this evidence, and I'll come to that. But I mean, if you deprecate news here, well, then what do you expect to get? I think the question is, what are the users of Facebook looking for, and looking to get out of Facebook, because that's a fundamental premise. You've come here with a premise that no one wants news. It seems

that view is not informed by at least South Africa or probably Africa, and our inquiry is embedded in South Africa. I mean, this is what we are assessing. And so, we're looking at not what is happening in Australia or the US. We are looking at what is happening here.

MR. DAVE KUMAR – META: And that's fair. I do just want to clarify, of course, we were not saying that no one, I forget how you just put it now, but that no one wants news. We were saying that overall, we're seeing, I mean, I think as I acknowledge there are some of us, for example, people in this room who tend to be much more, you know, news savvy. And there will be individuals who will have higher percentage of news content in their feed and so on. But what we were talking about is sort of overall averages. And I think also what we were talking about is, again, not the, it was the commercial value to us based on sort of what we've learned about our overall sort of user interests. That's what we're talking about. Again, I mean, we hope, I think some of the stories, sorry, some of the examples you mentioned earlier about the community news outlets and so on, I mean, I do think one of the things, and I fully appreciate as being part of the global team based in the US that it's when we travel, we do hear wonderful stories about the way that people are, you know, and I think that's sort of a thing that we always find with products is that we've, you know, the company builds products and then people use them in ways that we perhaps never even envisioned. And it's always wonderful to hear those examples.

CHAIRPERSON: I mean, let's go to that sort of deprecation as you

called it, and I think it started, everyone seems to go back to a post on 19 January 2018, which starts with the usual engagements and what we think is healthy, and then proceeds to say we've gotten feedback from our community. How is that feedback gathered?

MS. RACHEL CURRAN - META: I wonder on this point if maybe I could throw to Graeme to speak to it. Graeme is still on the line?

MR. GRAEME BURROWS – META: Yes., sure. So, from a ranking perspective, as I touched on in the presentation, when we say feedback, we mean both implicit signals like user behaviour. So, are
10 people, how are they engaging on the platform? As well as explicit signals, so things like surveys that we distribute globally.

CHAIRPERSON: And what was the feedback from South Africa?

MR. GRAEME BURROWS – META: I don't have that data in front of me.

MS. RACHEL CURRAN - META: But that's something, James, that we're happy to pick up with you after this.

CHAIRPERSON: No, we'd love to see it. We'd love to see whether that was the same feedback or not. But I think there's also a nuance that often gets lost with this, and you heard the word deprecate. I think
20 others have referred to deprioritisation, but let's go with that. I mean, this post actually says, look, we're going to prioritise news from publications that the community rates is trustworthy, news that people find informative, and news that is relevant to people's needs. So almost, well, it may be slightly less volume but more quality. That's what we're going to promote. Is that what happened after 18 January

2018?

MR. GRAEME BURROWS – META: There was an effort to understand how to, or whether there was, let me figure out the right way to explain this. There was an effort to understand the relevance of local news content versus national news content within a community setting.

CHAIRPERSON: I'm just trying to say, I mean, understand you got feedback from your community, and they said local news, high quality news, trustworthy news. We don't want this misinformation stuff. So, that was the feedback you already had. So, you were implementing. It wasn't an experiment you were now undertaking.

MR. GRAEME BURROWS – META: Again, I would just respectfully go back to these actions were taken in 2018. That is six years ago. And a lot in our environment, a lot of the news environment has changed. And again, points to the fit that we tried to achieve with news content. And speaks to ongoing changes in how we rank content, et cetera, that are probably larger than, you know, than these questions. But again, I would go back respectfully to, we're talking about something that is a fair distance in the past as well.

CHAIRPERSON: And look, I just feel obligated to say that, obviously, I'll go back and tell you that that trend doesn't seem to fit what we're seeing for South Africa in terms of users' needs and behaviour. But I mean as an economist involved in litigation, there's always this risk of exposed rationalisation and revision. So, I just wanted to focus on what Facebook was saying at the time, what its view was, and we can

see how much that has changed because I mean, just ten days later, there was another post on twenty nine January saying we're updating news feed to also prioritise local news so, you can have topics that have a direct impact on you and your community. And the whole, I suppose, dialogue was around if Facebook's about building community. Well, goodness to their local community and what's happening around you that is part of your community and we should be building it, and we should be prioritising it. I mean, that was apart from prioritising posts from friends and high-quality news sources. So, similar messaging. Would you agree?

MR. MARC DINSDALE - META: I mean, I might. I'm not sure if Graeme is able to speak to that as well in terms of efforts around relevance of content in feed.

MR. GRAEME BURROWS – META: Yes.. So, I mean, our general approach to ranking hasn't changed. So, from a ranking perspective, again, we want to make sure people are seeing what they value most in feed. We don't value any content over another differently. So, we don't treat publisher content differently. The ranking models take into account how people are interacting with the content they see. And it's a highly personalised process to make sure we're giving them what they want. So, I'm not sure that the principles behind ranking have changed since that announcement.

CHAIRPERSON: And maybe Graeme, if you can just help us on how you identify the local community news and where you get it from, and then how it's given this prioritisation or boost.

MR. GRAEME BURROWS – META: So, I'm not familiar with that. I don't know Marc, if you're familiar with that specific signal, but again, this is a 2018 piece. I'm not familiar with any single based on a publisher specifically that we use today.

CHAIRPERSON: So, today you wouldn't identify, flag that this is a local community newspaper relevant in this geographic area, and it might have content that is relevant to people living in that community. You don't identify them.

MR. GRAEME BURROWS – META: We identify many of those
10 signals. Yes, but we'd probably do it at the page level. So, it wouldn't be different for a news publisher in particular. It could be, it could be any small business in the region, but yes, we might look at the community that it is active in. Those are the types of signals we'd look at, but I think my greater point here is that we don't distinguish news publishers versus other Facebook pages in ranking.

CHAIRPERSON: But I suppose this 2018 brief said you were going to, you're going to prioritise high quality news, and local news. So, how would you identify high quality news if you didn't identify its Facebook page from a news organisation.

20 MR. GRAEME BURROWS – META: Yes. Again, I'm not familiar with this piece in particular. This predates my time on the ranking team. We could probably take a look at this and get back to you on that question.

MS. LENA VANMALI – META: Sorry, James, just to add in, I think it's, we're very willing to engage on this. I think it's just very hard for our

team here to engage when we're sort of not looking at what you're looking as well. So, you know, we're more than happy to engage after this, but I wonder whether we might sort of move on to other things.

CHAIRPERSON: Yes., but this is Meta's own documents. I mean, we're not, and this is all about the news. But, I mean, I am just interested, Graeme, because as I understood, you now have something that requires news to be registered. But was that for Facebook news or was that for the general feed, the user feed that is in place?

10 MR. MARC DINSDALE - META: I can, if it's, okay, I can actually probably, if you're speaking of the news page index, thank you.

CHAIRPERSON: That's correct.

MR. MARC DINSDALE - META: The news page index was developed, again, and maybe this times in with the 2018, 2019 timeframe that you speak of. To help us identify as we built out these different products, to align our goals of serving high quality news and providing tools to these types of publishers. And the news page index is effectively a tool or a designation into which news publishers could apply. We applied industry standard criteria around; do they have a
20 masthead? Do they have, do they list the authors of articles? You know, kind of industry standard practices and consultation with the industry to try to identify reliability in that sense of news content. And that is, you know, what spawned some products, like the breaking news indicator was initially rolled out to publishers in the news page index so, they could have a way to designate when a story was

breaking, et cetera. Importantly, the news page index is currently used to allow publishers to not need to register under our ads around political content requirements. So, people who wish to advertise, to create ads around political, civic issues, et cetera, need to pass an online and offline identity process so that we can identify, so we can make sure for the historically why the news page index was used.

CHAIRPERSON: And in South Africa, how have you applied it on most of these community news and community radio on your index?

MR. MARC DINSDALE - META: I would have to go back and have a
10 look.

CHAIRPERSON: Because I think, a question that I'm sure you've heard us ask, but, I mean, here we do have a press code. I think if you had sat in on some of the earlier ones, even today, the amount of regulation around content, either self-regulatory or imposed regulation and journalistic standards is, in fact, fairly substantial in South Africa. And I think it's because of the sensitivity of a young democracy and the dangers misinformation and disinformation in exactly our context. I mean, is all of these publishers a part of the press code? They've got oversight. There are methods for complaints.
20 I mean, would that be something you could use as a proxy and just give them that accreditation?

MR. MARC DINSDALE - META: That's probably a question we'd need to take offline with the groups that are involved in those decisions.

CHAIRPERSON: Alright, but it's not being used now.

MR. MARC DINSDALE - META: Yes., the news page index still exists.

I'm just not sure who in South Africa is included in it.

CHAIRPERSON: But I'm just asking, you're not using the fact that a paper or a radio station is linked to the press code or part of the Broadcasting Complaints Commission? That doesn't factor into your indexing in South Africa?

MR. MARC DINSDALE - META: No.

CHAIRPERSON: And then in, I suppose there were some other updates, but maybe the bigger one was in 2021 where, again, Facebook said it had feedback that its community wanted less political
10 content of a particular type. Were the results for South Africa consistent with that?

MS. RACHEL CURRAN - META: Again, that's something we'll have to come back to you on. More than happy to do that.

CHAIRPERSON: I mean, did you do a survey in South Africa?

MS. LENA VANMALI – META: That's not something that we would have information on right now. So, again, something we're very happy to come back to you on.

CHAIRPERSON: And when you do come back, please don't mark it as confidential because I think these are the kind of things that are
20 important for the public to hear. You know, were they surveyed? Were their voices heard? And what were those? Or were they not surveyed and decisions made for them? But we can ensure that happens in the feedback.

MS. LENA VANMALI – META: Fully understood the transparency aspect of all of this is really important.

CHAIRPERSON: I mean, you have put up your 3% and, Lena, you did say you've given us some insights, but as I said, there's a question as to the value of that when you've actively deprecated news on your platform in South Africa as with elsewhere, potentially regardless of what South African users actually want. So, I mean, how much store must we put in this number when you've actively done that? Because there are certainly statistics we've seen from research and some of that is, I think I mentioned Courtney earlier, but also Anja Schifrin, but work done by academics that they've used your API to actually look
10 at the content. And certainly around 2018-19, it was more like 13%, not 3%. And so, how much store must we put into a 3% number when it's a product of your actions, not of choice?

MS. LENA VANMALI – META: I might just make one quick clarifying comment.

MR. DAVE KUMAR – META: No, no. I warned you this morning.

CHAIRPERSON: Sorry, maybe for the public, we are once more in darkness. I am at least happy to say it's not load shedding this time, but it is the automated lighting system in the building. And I think we'll have a few lights set up quickly. And yesterday, we also managed to
20 get it done. This is all part of the adventure. [Silence 06:04:26 - 06:05:40] And I think we've got enough light to continue. I'm sure this is a first for you. Lena, I don't know if you want to just respond to that. I think you were poised to when we lost our lighting.

MS. LENA VANMALI – META: Sure, keeping everyone in suspense. I just wanted to make a kind of brief clarification here, just because

you know that we have deprecated news. I think that's not actually correct. We think of deprecation as something very specific. What we're actually talking about here is our response to the user feedback we're receiving. And noted we've had a discussion around that for South Africa specifically. But responding to what appears and what happens in terms of the ranking changes for content that users want to be seeing on feed. So, I just wanted to make that clarification. It's not deprecation. But I'll pass to Marc to talk about the 3% specifically.

MR. MARC DINSDALE - META: Thank you. This is coming off of the
10 discussion about the news page index. The 3% was measured effectively as the proportion of content or specifically the link post content from news publishers that are in the news page index. So, that was the measure of that. So, the news page index was the corpus from which we created that estimate.

CHAIRPERSON: Thanks, Marc. And maybe just Selina, we didn't use the word deprecation. Marc started it. Just so you know.

MR. DAVE KUMAR – META: Can I just very, just to clarify that because we want to be, maybe this is a little too much inside Meta. When we use the term deprecate, it usually means a product that
20 we're no longer supporting or so on. That's the term. So, like for example, I think we have the announcement, and apologies if we're using that, and it's not obvious to people outside the company.

CHAIRPERSON: Yes., thanks, Dave. And I suppose in here the product you're deprecating is news.

MR. DAVE KUMAR – META: I mean, I would say that we don't have,

I mean, in this context of the way you're talking about, we don't have a news. And again, news is still, there still is news on the platform. We're not saying, so I would say that we are not, we have not deprecated news, certainly.

MS. RACHEL CURRAN - META: I think what Marc was referring to, and I'm not going to speak for Marc, but what Marc was referring to was our dedicated news tab, which is very different to the news that publishers choose to post which appears on feed. That news tab was rolled out in various markets around the world, and that's the product
10 that we're deprecating. So, when we say deprecating news product, it's actually a news tab. It's something different to what I think we're talking about here.

CHAIRPERSON: Yes., and I'll leave you to sort out your internal disagreements on this, because I think we started at 2018 before the news tab even existed. But just moving on, because Marc, I mean, that's why I asked about the news indexing because your numbers are based on this registration as we already identified you have no idea whether South African media is part of that index or not. And so, you might not be measuring a large amount of the South African
20 media in any event.

MR. MARC DINSDALE - META: I don't believe I said that. I believe I said that I don't know which South African publishers and how many are in the news page index.

CHAIRPERSON: And we'll find out. But certainly, you're not certain that they are all in there, and there's a possibility that many are not.

And it's also a definition of news articles that you have put together. And, I mean, there's been a lot of debate about, how do you define news. You have your own definition, and you've used that definition in order to determine your 3%.

MR. MARC DINSDALE - META: No. A measurement of 3%, we're not differentiating types of news topic, et cetera. It is the volume of link posts from those publishers.

CHAIRPERSON: So, these are posts where they include a link. Is that what you mean by link posts?

10 MR. MARC DINSDALE - META: Yes.

CHAIRPERSON: So, if they just post something with no link, that wouldn't be counted?

MR. MARC DINSDALE - META: That is correct. If you look at what publishers do on our platform, the vast majority of the things that they end up posting are link posts. Again, speaking to the presentation earlier because that is the value exchange that they're most interested in, is taking people from our platforms and sending them to their websites.

20 CHAIRPERSON: Because, I mean, there are other measures, as I said. I mean, we've got the Reuters one. And in fact, there's another report on this. I think it's called Data Report on Global Digital 2023. It looks at social media engagement and does have some information on reading news stories. Interestingly, third most popular reason on their survey for going to social media, but we can also look at what users want, so how many follow a news station or a radio station or

broadcaster, because that's another expression. I mean, especially given the, and let me call it, deprioritisation so you don't get into deprecation debates again. You know, that might say what people want. I mean, they choose to follow and hopefully receive then in their feed something from that. So, that would be other evidence that would be useful in assessing what people want and the value.

MR. DAVE KUMAR – META: Again, thank you. But I would just point out in some sense is the experience in Canada, I understand, or we all understand that these surveys ask a question in a certain way that
10 maybe are more indicative of do you run into content on Facebook? I mean, if you look at the Reuters, I believe, I'm not sure what year it is, but I think the equivalent to the statistics you gave in Canada is 57% of people say they use Facebook to view news content, which we would not dispute. It's based on the methodology that they decide to use. What we do say is that that's not the primary reason why they go to Facebook. The circle that I think we're all trying to find hard to square in this is, the experience in Canada, which is that in a market where we unfortunately had to end the availability of news content, we have not seen a reduction in interest, a reduction in audience, a
20 reduction in time spent on our platform. And I think that's a difficult thing we're all trying to square in the expression of interest of what people do on our platform versus what are the core reasons why they come to our platforms.

CHAIRPERSON: And just to assist you, Canada was half that of South Africa, but it's also, I suppose, the opposite tip of a different

continent to this one. And what we need to get to is also the South Africa. I mean, that is the market we're dealing with.

MS. LENA VANMALI – META: I think, James, just on your point around followers, if I may. I think that is something that is, we do have data available on that in our RFI response, we did provide you with kind of numbers around follower counts for South African news publishers. So, if there is other information that we can provide that would assist you testing that point, then, we are absolutely more than happy to do that after this.

10 CHAIRPERSON: Look, I think, I mean, we are definitely going to be asking for your API access to go and interrogate ourselves. So don't worry. We'll definitely be picking that up and interrogating. I mean, the last area I thought might be useful is because, obviously, you, Graeme, and his fellows determined ranking and what goes in the feed. I mean, one could look at what people search rather than what's programmatically put to them in that deprioritisation that has happened. And do you think that might be another thing to see what people are searching for?

20 MS. LENA VANMALI – META: Yes. And, again, I'm just very conscious of the forum we're in. And so, I can't reveal the figure, but I think we did give you a figure in relation to that proportion of searches on Facebook. And I think if you look at that, that's consistent with what we've been sort of saying in this presentation hearing.

CHAIRPERSON: And then we won't go to the figure itself, but, I mean, in your analysis of what people search as opposed to what's in the

feed, given all the other problems that we have that news organisations may not be identified and things like that and it's not going to link, but are people searching more for news than they are being fed in the feed? Just as a general proposition. I don't need any number. It's a general proposition.

MS. LENA VANMALI – META: I don't think we have the information on that to hand for you, but something we can definitely look into and come back to you on.

CHAIRPERSON: I mean, you did say you gave it to us. So, I'm just
10 asking you, you should know it then. Is it different? Have you looked at this globally?

MS. LENA VANMALI – META: So, I think the question that you're asking is slightly different to the one that we gave you. I think this is a point we're more than happy to look at. Obviously, numbers are really important, but the kind of precision around those numbers are important. We don't want to misrepresent anything that we've told you to the extent that you've got questions like this and others, and I know you said you'll come back to us, and we look forward to that. I think this is a point we'll just have to pick up with you afterwards.

20 CHAIRPERSON: I mean, maybe I can ask Graeme a question which is, if you're looking at what users want in terms of ranking, do you look at search? Do you look at what people are looking for?

MR. GRAEME BURROWS – META: Yes., so our ranking signals in search work a little bit differently, right? So, when we, when people search, they look for similar ranking and feed. The main difference is

that we also consider the search term. So, we consider the search term when we're establishing the inventory, and when we give the ranking results, right? We also use behavioural signals from across feed to feed into the search results, right? So, the two systems are generally connected.

CHAIRPERSON: But when you're looking at tweaking and saying what do you think people want, are you looking at what people are also searching for as input into that tweaking of the user feed ranking algorithm.

10 MR. GRAEME BURROWS – META: I'm not sure if search terms and search inputs feed directly into the feed ranking algorithm. I'd have to get back to you on that one. But I think that's something we could provide.

CHAIRPERSON: Yes..

MS. PAULA FRAY: I wonder if we could move on to misinformation and disinformation and the work that Meta's been doing particularly around upcoming elections. But before we get there, I just want to, some of those submissions that we heard was that having credible news in the social media ecosystem really gave people a touch point
20 to be able to say this is misinformation, disinformation, or in general parlance, this is fake news because I haven't seen it on a credible news site or from a credible source, et cetera. And so, there was a contention that, in fact, credible news on a social media platform, credible news sources on a social media platform was one way of pushing back against misinformation and disinformation. And I'm

wondering, I am aware from your submission that you have fact-checking relationships with Africa Check, which has a number of different subsidiaries around the continent as well as AFP. But I'm wondering that if part of your fight against misinformation is to make sure that credible news is when there is a campaign, a mini campaign that Meta or Facebook is having around COVID or around elections, whether credible news sources would be a starting point for you.

MR. MARC DINSDALE - META: I'm not sure if we have ever explored that idea. As I won't repeat the misinformation information that you
10 already know. That our approach to it has been to dampen down misinformation. I'm not sure if we've ever examined, would we elevate a subset of publishers under a certain set of rules. I think that principally that might be philosophically challenging. And in the same way that we are not the arbiters of what misinformation and disinformation is. There are experts that we work with and, you know, AFP and Africa Check would be those in South Africa. In that same way, I'm not sure how we might achieve a goal of identifying credible news sources that would be treated in a different way.

MS. PAULA FRAY: Thanks. I mean, I just know from – Go ahead.

20 MS. DUDUETSANG MAKUSE – META: Sorry, I was just going to add to Marc's point that there's also the instances that you mentioned, such as elections. For example, historically, such as Covid, right, where you need authoritative sources of information so that when people are engaging with something that could potentially be dangerous, they can actually go and verify it. And I think what we're

basically we haven't really put on the table at this point is we also have engagements with other sources that may not necessarily be news, but it could be the Electoral Commission. It could be the Department of Health. And we work very closely with them to understand how to get the most up to date information from their side to our platforms. And we don't take that content and physically put it there. We would basically develop a product like a badge or an Election Day reminder that basically allows people to click on that and go straight to the authorities. So, even when the news media is not covering a particular
10 issue or doesn't have the most up to date, we try to also work with other authority figures and other institutions to make sure that in instances that could potentially have bigger societal problems like that, we are at least redirecting folks to what the local authorities are saying.

MS. PAULA FRAY: And I suppose a point that I'm trying to make is that or we're trying to make is that you have in South Africa print media that belongs to the Press Council of South Africa that can be sanctioned or is self-regulated in terms of the content. And so, its content is already moderated. You have broadcast media that are
20 licensed under ICASA and have to comply with the Broadcasting Complaints Commission of South Africa. And if they get it wrong, they can also be sanctioned. And so you've got a way of identifying what is credible media that is being regulated, co-regulated, and to be able to identify them as potential partners in the fight against misinformation. And I know that you, Marc, said earlier on that you

might consider it, but I just wanted to clarify. The point is that this means that you already have pre vetted organisations to a large degree. Can we maybe just –

MR. MARC DINSDALE - META: Aside from we can certainly take that idea back to the team. Thank you.

MS. PAULA FRAY: Okay. Then can we go back to the initiatives around the upcoming elections? And I know that globally it's quite a big year. I mean, like half of the globe is going to elections. And we've had some scary election experiences in the past. Can we just very
10 briefly talk about CrowdTangle, which you initially kind of purchased to assist the media in measuring social performance and identified influences? And I want to do, Marc, I'm assuming you're talking about Sophia AI when you were mentioning the Globe and Mail.

MR. MARC DINSDALE - META: The Globe and Mail, yes.

MS. PAULA FRAY: Yes.. I mean, Sophia on the face of it is really exciting, but I can't imagine that it's something that would be widely accessible to South African media, whereas possibly CrowdTangle could, I mean, we got feedback, for example, so that the media found CrowdTangle to be fairly useful to identify and track misinformation.
20 Would you agree on that?

MR. MARC DINSDALE - META: I think we've seen a lot of different types of applications. I know the research community has been heavily involved in exactly that as well. Which is why we're building the Meta content library and API to facilitate the continuation of that kind of research by researchers. And the deprecation of CrowdTangle

is in some ways related to our ability to deliver those types of insights at scale, which we needed to build a new type of platform to do.

MS. PAULA FRAY: But you are closing CrowdTangle now. Am I right? I mean, is that not a strange thing to do if it was a useful tool for people to be able to track misinformation, which is such a big issue?

MR. MARC DINSDALE - META: Again, for the research community, it is being replaced with the Meta content library and API.

MS. PAULA FRAY: Sorry, is that the alternative that you're offering? Because people have been concerned that you're closing
10 CrowdTangle in the year of elections, with so many elections, without really a tested substantive alternative.

MR. MARC DINSDALE - META: I wouldn't be able to comment on the substantiveness of the tool. So, I understand the use cases that were used for CrowdTangle, and I believe our team has taken those things into account as they built out the Meta content library and the API.

MS. PAULA FRAY: I know outside of the commission that you actually work with Africa Check. But I also wanted to find out from you. So, one of the people who presented here was Media Monitoring Africa. And it said that it actually requested to be allowed to fact check on the
20 platform, but that you refused. So, I'm just wondering why that would be.

MR. MARC DINSDALE - META: I would say that's not an accurate description of the process. The fact checking program is authorised and adjudicated, if you want to use that term, by the International Fact Checking Network. So, the International Fact Checking Network is the

independent body that effectively reviews applications by publishers to get the IFCN designation. So, not knowing the specifics of this case, that is a type of outcome that I have seen. You know, if the IFCN doesn't approve or doesn't accreditate, I think is the correct word, a fact checker, then they are therefore not included in our program.

MS. DUDUETSANG MAKUSE – META: And just to add on that point, it wasn't a fact checking exclusion. As Marc already said, fact checking is very different from the application that they are being considered for, which is a trusted partner program. So, a trusted
10 partner program is another extension of work that we do so that we're plugged into local context. So, because they're not an IFCN accredited fact checker, but we can still find scope to work with them. We would then talk to different organisations that work in the media freedom space, are doing this as part of their daily work, and we look for ways in which we can support each other. And so, they're still in the process of being reviewed for one of those programs.

MS. PAULA FRAY: But I think we could agree, though, that more partners in fact checking, particularly in election year, might be better at this stage.

20 MS. DUDUETSANG MAKUSE – META: Yes., I think, look, the fact checking program is also one that we've been trying to aggressively expand as far as possible. And precisely because of that IFCN accreditation, it's taking longer. So, some of the ways that we're trying to work with our existing fact checkers, for example is, we'll try and find out from them how many other smaller but maybe not accredited

organisations they're plugging into or supporting, and then find ways to make sure that they can then deepen that work. So, the end goal is that we eventually have fact checkers scattered across geographic differences, linguistic differences, and really helping us to capture the nuances of the different places where you find our platforms. Because ultimately, misinformation is different, particularly because of those local contexts. So, the plan is to grow it and expand it to that level but in the interim, we are finding ways to work with them in temporary ways, whether it's a short-term program or how do we plug in the other
10 guys, or how do we support some of your larger expansion work outside of the work that you're actually doing daily on the fact checking piece.

MS. PAULA FRAY: I was surprised in your presentation that the six languages that fact checking was done in excluded IsiXhosa, which is spoken by 20 million South Africans, a third of South Africans speak it. 10 million of them as their first language, 10 million of them as a second language. And so, it just seems strange to exclude such a large number of people who are engaging in their home language on Facebook. And I'm just wondering how those six languages, which
20 include English and Afrikaans, and then some smaller languages, were chosen.

MS. DUDUETSANG MAKUSE – META: Thank you. Yes.. So, I think on the IsiXhosa piece, it's not an exclusion of the language. I think we need to go and verify that, because my understanding is that it's actually one of the languages that we try to prioritise. So, there are

different ways in which we select which languages we're going to start working on first. Sometimes it depends on how well developed that language is. Sometimes it's the capacity of the fact checker themselves. They might come to us and say, we can only cover these particular languages. Other times it's a combination of what are the most used languages, but also what languages are we seeing on the platform, because it could be a used language but not be showing up on our platform as frequently. So, there are different variations that we use to try and figure out which ones to get to. But ultimately, the goal is to get to a point where our AI tools, our algorithms can actually help us in that project. And I think some of the projects that Brian was mentioning earlier, which is like our No Language Left Behind project, at this moment we've got 200 languages globally that we are really trying to get data sets for, want to understand the formal language, the dialects, the ways in which people are using those languages. And they include a lot of South African languages as well. And we're also working with South African researchers, particularly on the language piece to make sure that our technologies can actually get up to speed with covering the languages that are spoken here.

20 MS. PAULA FRAY: Was there substantial scale up in South Africa and work in South Africa, given that it's an election year?

MS. DUDUETSANG MAKUSE – META: Yes., election prep for South Africa actually started close to 12 months ago. We normally start in a 12-month period. And that includes internal processes, but also externally. So, sorting out the partnerships, identifying who to work

with, working very closely with IEC, understanding the timeline of what the electoral process would be. Then working with our internal engineers to figure out what kind of harms are we currently seeing online versus what we can anticipate we're going to see in the election period. So, whether those are civic risks, misinformation, is it coordinated in authentic behaviour? There's a range of integrity issues that we could cover. And we start looking at ways in which we're going to tackle those, both from the on-platform technological piece, but also from the perspective of the teams that we have in
10 place.

MS. PAULA FRAY: I mean, a concern has been raised about whether these efforts are sufficient, given the extent of misinformation and the fact that with AI thrown into the mix and the ability to generate updates even quicker, how do you measure sufficiency? How do you measure whether you've done enough to reach a tipping point?

MS. DUDUETSANG MAKUSE – META: And my colleagues will jump in as well. But so, there are different ways to measure because there are different tools that we're using, right? So, if it's a programmatic thing, then we'd probably be looking at, for example, the campaign
20 and the brand lift study. Did it reach a number that is proportionately maybe significant compared to the people that we are expecting on our platforms? If it's something that is related to our partners, are our partners leaving our outreach sessions capacitated with enough tools and understanding to actually help themselves on our platform? Are they able to respond? Are they able to use our resources? If it's

something that is related to our integrity efforts, there's different ways of measuring the impact of that. And then over and above that, once we conclude an election or even in the normal course of business, we publish transparency reports that basically give an indication of what our content moderation efforts were, what the takedown requests were, what government said what, in a range of topics. So, there's also that quarterly reporting that happens in and outside an election.

MS. PAULA FRAY: But do you measure, I mean, how much misinformation has actually been consumed and believed? I mean, do
10 you do research amongst your users to actually see whether they believe a lot of the misinformation or disinformation that has been put out there? And I just, you know, I mean, during the presentation you said that you spent about \$150 million since 2018 on misinformation efforts across the board and that doesn't seem like a lot relative to income. So, I'm just worried. I mean, I can see how you could measure your output. I'm wondering whether you measure the impact.

MR. MARC DINSDALE - META: We'd have to go back to the team to understand what kind of reporting they might do on those things. As Duduetsang mentioned, like, there's a lot of things that are in the
20 transparency report. And so, we might start at that as an initial reference point as well. I think, I mean, one thing that the foundational pieces of the fact-checking program is to identify the pieces of information that are going viral and that are potentially reaching as large an audience. So, there is a prioritisation based on things like reach, et cetera. So, there is attention that is paid to impact in that

sense.

MS. PAULA FRAY: What is the sanction for people who post misinformation? Do you take them down? Do you block them? What action does Facebook take once people have been identified as a source of misinformation or disinformation?

MR. MARC DINSDALE - META: That's me. So, there's a number of potential labels that can get applied to a piece of information. So, there is, you know, strictly the misinformation tag. There's missing context. There's a number of different types of these tags. And
10 depending on the type of infraction, if you will, or designation of the content, it leads to misinformation strikes, if you will. And we take a number of different types of actions that some of which initially are tied to demonetisation. There's a lot of this is motivated by people trying to monetise sensational content that may not be true. So, the first step is to remove that monetisation incentive. And then there's kind of a gradual number of steps of impact in that sense.

MS. PAULA FRAY: I mean, I suppose the issue is whether it's very easy for somebody to proactively or to get something taken down once they've identified it, whether the process is completely
20 automated and so if I see something, there's no way to get hold of a person per se in order to get something taken down. And then how quickly does that happen?

MR. MARC DINSDALE - META: I think we'd have to go back to the team to understand the time to response, if you will. There is the ability for people to tag content on the platform as misinformation. So, there's

both a process that is based on people's feedback. They have an ability on each post to flag it. And one of the reasons to flag it is misinformation. That and also reconciliation of that with internal tools will put it into effectively a queue for the fact checkers to check. And then there's also automation around this where there's kind of a view of what is going viral. And then also tracking the spread of something in that sense as well.

MS. PAULA FRAY: I ask about the speed at which things are taken down only because I'm sure you're familiar with the research that
10 shows that viral misinformation spreads much faster and further than the truth. And that very often once it's out there, it's really difficult to rein it back in. And so, I'm just interested in what the speed of it would be. I want to hand back to James. I haven't finished with this. But if I can get your comment on the speed.

MR. MARC DINSDALE - META: Yes., we can go back and understand that from the team. I think there's also a secondary piece of this which goes towards, you know, that increasing action against, you know, if we want to label them a bad actor. So, it's not just the information in the moment, which we can seek an answer on. But also, the fact that
20 there is a way to kind of prevent the next one with the actions that we take on pages and accounts to decrease their ability to do so. So, there's the in the moment piece which you speak of. And then there's also the longer tail prevention piece that is significant as well.

MS. PAULA FRAY: So, if I understand you correctly, once you've identified particular forms of misinformation, you're actually scanning

to see if it's coming up again.

MR. MARC DINSDALE - META: I'd have to double check if there's something on the repeat. But we certainly check the spread. I was speaking more of the actions that we can take against repeat actors and the abilities that we have, which we'll have to identify as well to disincentivise them, first of all, from doing them in the future and then prevent them from doing so in the future as well.

MS. PAULA FRAY: Thanks.

CHAIRPERSON: So, Marc, I just wanted to follow up. I mean, did I
10 hear you correct that you look to act where something is starting to go viral?

MR. MARC DINSDALE - META: I think that's one of the signals that we use. As I mentioned, there's also the signals directly from people. So, you know, the things that are identified either come from direct signals from people that are flagging content to us as potential misinformation. And then also what we see on the platform as emerging stories that speak to reach.

MS. LENA VANMALI – META: Apologies, James, if I if I may just jump
in, I'm just really conscious of time. And, you know, this discussion is
20 really important. So, we want to make sure you have the time you have. But I just want to check if there are people if our team on the line has to has to drop off of that time commitment. So, can I just check if anyone needs to drop off or if people are able to stay a little bit longer? Though we are conscious of the time.

CHAIRPERSON: I don't think we'll be more than 10, 15 minutes.

MS. LENA VANMALI – META: Sure. Thank you. Just to check. Graeme, James, Rachel, are you right to stay on? I'll take that as yes. Thanks.

CHAIRPERSON: Yes., we don't get to see hands. I mean, there we go. We have lights, though. And sorry, I did just have a few extra questions. I mean, elections are one thing. But I think as we sort of started, a lot of the importance on misinformation and disinformation also happens outside elections. Elections are just the vote, but holding people accountable is an ongoing effort. So, I mean, the
10 particular effort around elections, is this not sort of continued beyond that? I mean, we also have municipal elections. We have other elections that that do occur, but again the spread of misinformation around disinformation, certainly what we've seen in South Africa is something that is an ongoing effort. So, are there special measures on an ongoing basis to address this problem?

MR. MARC DINSDALE - META: I think we'd qualified in, I guess, the other direction where there is a steady and robust drumbeat of activity that happens on a regular basis that gets supplemented during significant elections.

20 CHAIRPERSON: And I just wanted to ask Brian, as the generative AI person, whether you are working on AI tools to rapidly respond to misinformation and disinformation because this sort of flagging wait till it's viral may, you know, I think we heard from YouTube yesterday that they are looking at the very proactive as soon as something gets put in, they respond and have a tool for that. So maybe, Brian, if you

could give us some insights.

MR. BRIAN FULLER – META: I'd be happy to. Yes., I can speak to the work that we're doing that is specific to generative AI. Broadly, the industry is working across all of the major participants to formulate a framework to identify when AI created imagery or media content broadly is shared across platforms. This is really important for companies like Meta to be able to identify when content that is uploaded to our platform was produced by artificial intelligence, because if we have that information available, if we know that it was
10 made by AI in the image context, we can flag that for users so that no one is misled into presuming that photorealistic imagery or potentially in the future, video media depicts factual events when it was actually a synthetic piece of content created by AI. Those tools are being developed, and I expect that we'll be able to talk more about them in the future.

CHAIRPERSON: And Brian, apart from this sort of detecting what is AI created content, I mean, misinformation, disinformation can be in the form of text. And as we heard, horrific as it is, but in South Africa, social media has been used to call for the rape and murder of
20 journalists. So, are you able to detect this before it becomes viral?

MR. BRIAN FULLER – META: So, the answer to that question depends. But we have a significant number of classifiers in place that are intended to detect when content is likely violative of our community standards. This is outside my area of expertise, so I'm going to pass the mic over to someone else on the team to talk more

about this, but I know that we do have classifiers in place. The vast majority of content that violates our community standards, for example, is detected proactively rather than reactively.

CHAIRPERSON: I don't know if anyone else on the team wants to pick this up. Lena, do you want to pick it up?

MR. BRIAN FULLER – META: I suppose not.

MS. RACHEL CURRAN - META: Again, something we can, we're happy to come back to you on. I don't think we've got all the right experts to talk to that on this call. We also don't have the information
10 but can come back to you on that.

CHAIRPERSON: I mean, I think you would have come prepared to answer a simple question like, can you detect upfront the kind of destructive misinformation, disinformation, hate speech, especially if you spent almost 12 months preparing for an election? So, maybe if we can get an answer whether you have that capability or not.

MS. DUDUETSANG MAKUSE – META: I think we have exactly what Brian is explaining now, which is our classifiers, right? Our classifiers are some of the signals that our content moderation teams use to figure out what's going to be harmful and what's not. They are
20 developed with ourselves as well as external partners so that we actually get the right kind of words in the right languages. And then our understanding, of course, is that there's human review that has a proactive component, and there's also our technologies that can do proactive aspects of the work. And that collectively then gives us an ability to detect volumes of content that especially the most gratuitous,

that shouldn't be on our platform in the first place. That's usually the content that will come down quickly and faster. Then the misinformation and disinformation would be then enqueued for review, for further review, because you actually need a human being. A machine can't figure out the context that would be behind misinformation and disinformation. And thereafter, our teams would then collectively start working through what those look like based on the signals that they got. So, yes, there is an ability to proactively and retrospectively deal with it.

10 CHAIRPERSON: But is this not a –

MR. BRIAN FULLER – META: I'll just add –

CHAIRPERSON: Sorry. Brian, do you want to come in?

MR. BRIAN FULLER – META: Yes., thank you very much. I just wanted to add a couple more things. So, the first is that as far as generative AI is concerned, we strongly believe that generative AI will improve the ability of our existing classifiers to detect this content. The second point that I wanted to make is that we do provide numbers for proactive removals in our transparency report that is released on a quarterly basis. That transparency report, the last time that I looked
20 at it, every 10,000 posts that you view on Facebook, only four of them constitute hate speech, for example. And that is because, as we've publicly talked about previously, more than 95% of content that is removed for violating our community standards is removed proactively by the classifiers that we've mentioned.

CHAIRPERSON: Thanks. I mean, just to almost wrap up, I did want

to just touch on Canada. I'm glad Rachel's still here. And I suppose, you know, what Facebook is saying is that they didn't see the value in Canada on the news and I suppose, I mean, there are certainly different views on this. There are views that says, well, Facebook maybe doesn't want the precedent creeping across the globe on this and hence is making an example of Canada. Maybe, Rachel, if you can respond to that. I'm sure you've heard that opinion before.

MS. RACHEL CURRAN - META: Yes., I wouldn't say that we don't see the value in news. We see great social and democratic value in
10 news. The issue is it just isn't of great commercial value to us. So, if we're forced to pay for material that publishers are placing voluntarily on our platforms, that's something that we can't agree to. So, we would love to turn news back on in Canada, we're hoping to get to a place where we can, but we can't live with a framework that requires us to pay for that kind of content.

CHAIRPERSON: And, I mean, you also indicated that you felt there were other aspects you disagreed with, that you were singled out along with Google. I think you said a lack of societal response, or someone may have mentioned that. And, obviously, we have some
20 familiarity with the Canadian. But was it a world in Canada where you would have participated if it had been slightly different? And if so, I mean, what were you willing to look at?

MS. RACHEL CURRAN - META: Yes., I mean, other models for support, news support, and support for local journalism were certainly mooted. One, for instance, was a central fund type model. We said

we'd be happy to engage in discussions around those kinds of models and potentially support them. It's a bit hard to comment in the hypothetical. But there were other models mooted that I think would have been easier for us to support.

CHAIRPERSON: Alright. I suppose the perspective has been that you were not willing to engage at all. So, I'm pleased to hear that that that's not the case. I mean, you talk about the commercial side, and I obviously understand you're a for-profit company, but given that Facebook has also recognised the importance of news and the
10 importance of journalism, I mean, are you not concerned about some of the destruction you've left in the wake of that decision?

MS. RACHEL CURRAN - META: Yes, we had commercial deals in Canada amounting to, I think it was around 20 million per year. Marc, correct me if I'm wrong on that. So, we were certainly willing to, and we're actively supporting the news industry in Canada. Our concern was we just couldn't live with a framework that was going to mandate us to pay a considerable amount of money for material that had little to no commercial value. So, it wasn't a reflection of our willingness to support the news industry. We were doing that already through
20 voluntary deals. And through the value of our distribution networks, which we calculated in Canada to be about \$230 million per year.

CHAIRPERSON: But the, as I said, the destructive nature of that decision, have you reflected on that at all in Meta? Did you think about that before you cut off news?

MS. RACHEL CURRAN - META: I'm not, I'm sorry, I'm not sure what

you mean by – what do you mean by destructive?

CHAIRPERSON: Well, the fact that people now don't have access, they don't have access to some of that local news. And I think there's been even indications around inability to get notified around wildfires, local community media that has been completely cut off and serves a local community need, something Facebook normally supports. So, did you think about these things before you made your decision?

MS. RACHEL CURRAN - META: Yes., we still have a lot of sources of credible information on our platforms, which we have
10 communicated to our users. So, government pages, including the BC Wildfire Service, still provide timely, relevant, credible info to our users. We still have non-governmental organisations who have pages with good information on them. We have charities, we have educational institutions, we have politicians. So, we think we have a wide variety of credible sources on our platforms that serve our users well.

CHAIRPERSON: And Rachel, I just wanted to understand –

MS. LENA VANMALI – META: Sorry, James, I didn't mean to
20 interrupt. But I thought there's maybe one other point that's worth kind of adding to that, to what Rachel said, which is when users don't have the ability to access news on our platform, they simply go elsewhere. And I think we've seen that in Canada. Marc, I don't know if you wanted to talk to anyone on that.

MR. MARC DINSDALE - META: I mean, you brought up the wildfires. Obviously, that was a discussion at that time. And people beyond our

teams obviously echoed in with that point, that to have accused us of putting lives in danger, et cetera, was not a credible point of view because there is so much access to media content in Canada. And that people were ultimately informed through our channels, as Rachel said, through credible sources and as well through any other number of channels that are available.

CHAIRPERSON: I mean, it strikes me just to mean there has been a whole value discussion. And as much as Meta says they don't think some of the value is there, the publishers are certainly uniformly
10 saying they're not getting any value out of Meta for what they're putting in either. So, it seems both sides are unhappy. And is that fair?

MR. MARC DINSDALE - META: I mean, from our point of view, I think we would say that we provide a lot of value. And as we mentioned, when you have a look at the commercial value of news or the fact that without news content on our platforms, user behaviour doesn't change, I think that informs some of our position that we believe that we provide more value than we receive.

CHAIRPERSON: And I think, Marc, I mean, all I'm saying is that for the publishers, they're saying they're also not seeing value either.
20 They're also not happy. They say they're putting in more. I mean, as much as you have the right to your perspective, that's the perspective they're telling us. Do you have any reason to doubt that they also aren't happy?

MR. MARC DINSDALE - META: I would not question what they're telling you.

CHAIRPERSON: Yes. Because, I mean, for some, and you made the observation that many media provide links, and I think you know the reason why they do that because they can't monetise really well on your platform and that's why they're trying to get it to their platform.

MR. MARC DINSDALE - META: I think that is the way that they do monetise their content. Like, there's no way for us to monetise a link post in that sense. And so, they determine that value. And beyond that question of monetising on our platforms, what they're able to do with video content, the monetisation and the opportunities to build a
10 one-to-one relationship with a reader is far better for them on their own platforms in that sense, where they can drive subscriptions, they can drive donations to get people to sign up to newsletters, all to create the one-to-one relationship that is key to their sustainability.

CHAIRPERSON: But as news is deprecated, of course, it undermines their ability to even do that.

MR. MARC DINSDALE - META: I guess we won't get into the deprecation versus deprioritisation question again. But again, I think that's a fundamental question in this is that we see people on our platforms interested in different things. And that has been an evolution
20 that has happened since the dates of the articles that you brought up. And in some senses, there are publishers where there's a good fit for what they produce in terms of video and monetise on our platform. But I think newspaper publishers, for example, would have a challenge in producing video of the type that resonates on our platform. So, I think this is what we're getting to as well as kind of a

mismatch of what muscles the industry has versus what is sought by people on our platform.

CHAIRPERSON: No, and I think, as I would also just repeat, have a view as Meta as to what is happening here, not just in the US or Canada. And I think on monetisation, just to reinforce that, most community media cannot charge a subscription. So, having a subs model as a revenue channel is not working as you already said, pre-roll video adverts is also not really an option necessarily. And I mean, we've heard from many of them who say just, we think there's a win-
10 win, but we need to be able to monetise. And if we can't monetise, then we are putting in more than we're getting out. And that's a problem. And that's why we've got a lot of unhappy media who've come to this hearing. So, maybe it's something for Meta to just take back, as you say, and give some thought. But maybe a one-size-fits-all global approach to this doesn't quite fit South Africa or probably Africa. But look, I think we have reached the end. I'm aware we're over time and thank you for that indulgence to get a little extra time. And it's just, I think, left for me to thank the Meta team. I do appreciate some people have come a long way to be here in person. As I said, I
20 think it's important for the public, for the media to hear. Part of the purpose of a public hearing is to get that debate going amongst the different groups and for them to hear from each other and hear their perspectives and that certainly helps the process and helps the transparency and given the importance of Meta in South Africa's economy, I think it was crucial we heard from you. So, thank you very

much. And thanks to the teams that are scattered around the globe. I hope some of them are not in disastrous time zones for this sort of timed hearing. But thank you for that, Lena.

MS. LENA VANMALI – META: Thank you very much, James and Paula, and the whole inquiry team. We appreciate it. We know it's late, but we do appreciate the importance of this inquiry and the transparency element. So, I'm grateful for the opportunity to participate and we look forward to our continuing engagement.

CHAIRPERSON: Fantastic. And with that, I think it's also just left for
10 me to close these public hearings. It's been, I think we had 16 days in the end. But certainly it was useful for the panel and the technical team to hear from a diverse range of media and also platforms. And also, I think, have the public and the media and ourselves also get to grips with some of these very complex topics like generative AI and tech stacks. So, yes. The next steps for the inquiry will be to obviously process what has happened in these public hearings. We will have follow-up questions for many of the participants and those that didn't participate. But a lot of new things emerged during these public hearings that we need to gather more evidence on or get opinions on
20 as well. We are also looking at our own surveys and, as I mentioned to Lena, using APIs on the social media search to also interrogate ourselves and verify ourselves some of the facts and figures. That process will proceed and we may well have also in-camera sessions for any legal, economic, or confidential submissions that parties need to make. And then the step after that is to put out a provisional report.

Media and Digital Platforms Market Inquiry

And that will be in the second half of this year. But I do wish to thank everyone, all the stakeholders, not just those who've appeared, but also those who've made submissions. We've done it under tight timelines. We've asked a lot, I think, of even well-resourced platforms, but also in particular, smaller community media where it may be a one-person show that needs to respond and has. We do ask a lot, I know, but I think these issues are part of a market inquiry because they are important. They're important for South Africa's democracy apart from just the competitiveness of the markets. And of course, as
10 we heard, the constitutional rights of all the citizens. So, with that, we'll close, and we'll move into the next phase of the inquiry. Thank you, everyone.

END OF PROCEEDINGS ON 27 MARCH 2024