



Neo Ntsoma

Media ownership and **TRANSPARENCY**

By Reg Rumney

It is hard to understand why such an intemperate war of words flared up over the change in ownership of one of South Africa's oldest and influential newspaper groups. Yet inquiries about the identity of the new owners of Independent News and Media South Africa (INMSA) generated a surprising ferocity from a surprising range of sources.

Regulation
Ethics
Accountability

In money terms, this is not a huge deal. The local newspaper group was sold to a domestic consortium headed by black empowerment figure Iqbal Survé, for R2-billion, by its Irish owners. But South Africa's Independent group owns daily newspapers in every major urban area, as well as weekend newspapers, magazines and community newspapers. In particular, as the South African National Editors' Forum (Sanef) noted in a letter, later withdrawn, to the Competition Commission, the Independent group "has a monopoly in the English-language newspaper markets of Cape Town and Durban, as well as arguably Pretoria and Kimberley".

In that letter Sanef, on behalf of journalists, expressed concern about "the lack of information about the people who are members of the consortium", and asked for the following information:

1. in addition to the consortium members a list of the shareholders and their respective shareholding;
2. confirmation that these shares are held beneficially and not as nominees;
3. the shareholders' agreement;
4. confirmation that no political party has the right to appoint the chairperson or CEO; and
5. details about how INMSA is to be funded going forward.

Interpreting this as racially-based hostility, sparked perhaps by remarks about anti-competitive forces by Survé himself, commentators launched attacks on the Times Media Group, Sanef, the "liberal" press, and Wits University journalism professor Anton Harber.

Especially relevant is that SA Communist Party general-secretary Blade Nzimande used the opportunity to label

Sanef and "the likes of Anton Harber" as hypocritical in not questioning the "greediness of their owners at Media 24 and Caxton".

To understand why journalists and some members of the public may be suspicious, we have to look to historical memory. The apartheid government tried to buy control of the English-language press to silence its reports on the horrible reality that the sanctifying language of "separate development" sought to hide. One of the most sinister historical moments of the apartheid era was the launch of the government-funded *Citizen* newspaper after attempts to buy control of the English-language press failed. The government used nationalist supporter and businessperson Louis Luyt as a front to finance the *Citizen*, both to sabotage the liberal *Rand Daily Mail* and to propagandise for apartheid.

The apartheid government and the democratically-elected government cannot be equated, and perhaps this explains some of the ferocity of those questioning the questioners, and the emotive language of a particular brand of political rhetoric being directed at Sanef and Harber.

Yet in the democratic era, there is also abiding hostility to the print media by the ANC, which began when Nelson Mandela, still in office, expressed the view that the media had set itself up in opposition to the ANC government. Given the ruling party's reluctance to relinquish dominance of free-to-air television broadcasting, and persistent reports of attempts to control or influence the state broadcaster, the print media may be forgiven for being fearful.

We have to filter out the noise around this recent transaction to see that it

highlights the urgent need to devise means of shining a light on media ownership. This noise should not be allowed to distract from the need for greater scrutiny and transparency of ownership in the news media.

Fiona Harrison of the Madrid-based Access Info Europe, in presenting the findings of a project to look into transparency of media ownership in Europe, wrote recently: "The availability of accurate and up-to-date data on media ownership is an essential component of a democratic media system. It is impossible to take steps to address excessive media concentrations without the tools to identify the owners; public knowledge of owners' identities helps to ensure that abuses of media power can be assessed, publicised, openly debated and – even – prevented. Both media regulators and the general public must have access to information about who owns – and influences – media outlets."

She goes on to say: "In many countries, while people often have some idea of who formally owns the media, and even of who are the real powers behind media companies, this information is frequently based on hearsay rather than access to official ownership data. The complex chains of formal owners and the real ultimate or beneficial owners tend to be even more obscure, thus preventing members of the public from knowing the influences to which media outlets are subject and which may affect their editorial line".

In South Africa, given the legacy of the concentration of market power that sanctions and disinvestment led to, and racial imbalances, the attention on changes in ownership should not be surprising. Ownership is one of the important elements to judge transformation, as expressed by the Codes of Good Practice, which are the regulations that give effect to the Broad-Based Black Economic Empowerment Act.

Since 1994, specific ownership of the news media has not attracted much controversy – even in the lack of direct black ownership. Surprisingly, two of the major print media companies have managed to resist pressure for direct black ownership entirely. The Independent group has been entirely foreign owned and the Moolman-Coburn partnership, according to Who Owns Whom, controls Caxton and CTP Publishers and Printers Ltd, owner of the *Citizen* and many community newspapers.

All the print media companies except the Independent are listed on the JSE, making it easier to assess ownership, since the stock exchange listing opens up companies to intense scrutiny on funding as well as ownership. Yet it is still necessary to do some sleuthing, since the ultimate owners can be hidden by proxy companies.

In the US, the trend towards private-equity ownership, which usually means delisting, has been seen as an unwelcome shift towards opacity. It is quite simply harder to obtain information about unlisted companies, as financial journalists will attest. Yet private ownership makes it possible for companies to resist pressures for short-term returns that may imperil future sustainability. Private equity ownership allows companies to move out of the limelight and fix their problems without the glare of publicity.

The International Centre for Media and the Public Agenda at the University of Maryland suggests that openness about ownership and conflicts of interest is one of five ways of measuring transparency. The others are openness to reader comments and criticism, openness to discussions with readers, willingness to explain editorial decisions, including the values and ethics behind them, and willingness to openly correct mistakes.

On openness about ownership and conflicts of interest, the centre asks: "Is it clear to the customers who owns the news organisation and what business or other dealings might put the news organization in a position where its collective judgment could be clouded?"

In a liberal, democratic society there will always be vested interests, of powerful corporations, civil society groupings, trade unions, and government and quasi-government organisations. It is utopian to believe that journalism will represent the interests of every sector of society. But journalists in the service of a larger public interest must try as far as possible to resist capture by vested interests. To the extent that they fail, transparency helps the audience to hold journalists to account.

This is not simply a matter of ensuring that government does not censor the private sector, but that the private sector does not censor itself, or at least that the public may be aware when this happens. Moreover, no society should wake up to find itself with a concentration of media power.

The question, then, is how to ensure media transparency when a public listing is not a requirement, and when attempts by journalists to pierce the corporate veil of media companies are resisted as unwarranted intrusions by competitors?

The Access-Info report found that while pressure for transparency in media ownership is increasing, finding out who owns and controls the media in Europe was generally difficult. It therefore recommended a legal reporting requirement, and this should give food for thought in South Africa.

The report recommends that "Broadcast, print and online media should be required to submit to an independent national media authority sufficient ownership information to allow identification of the beneficial and ultimate owners of the media outlet. This should be a one-way reporting requirement which in no way implies a requirement to register the media outlet or obtain permission to operate (with the exception of the pre-existing legal framework for audio-visual media)".

In the light of this, are the questions asked by Sanef unreasonable? The SACP expressed outrage that other media firms were not subject to the same interrogation. The point of media transparency is that they should be. The main concern of the Competition Commission, which has to ratify the Independent acquisition, is competition, not diversity of media. Media transparency legislation would decrease the heat in debates about media ownership by providing light.



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