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south africa

Presentation on Diversity and Transformation of Print Media

Portfolio Committee on Communications

Competition Commission

21 September 2011

To promote and maintain competition in order to achieve:

- Economic efficiency and development
- Consumer choice and competitive prices
- Employment
- Equitable participation by SMEs in the economy
- Participation in world markets
- Greater spread of ownership

Key Instruments

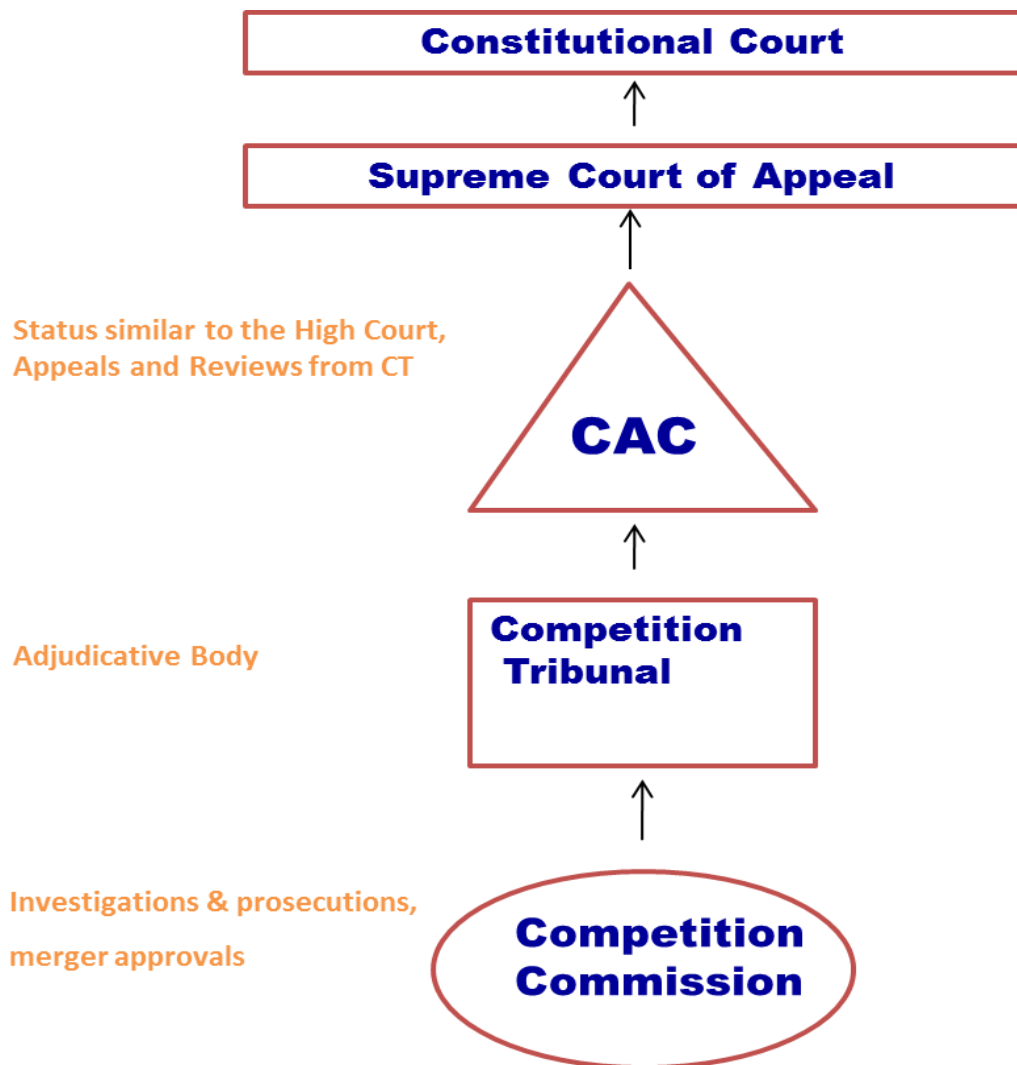


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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

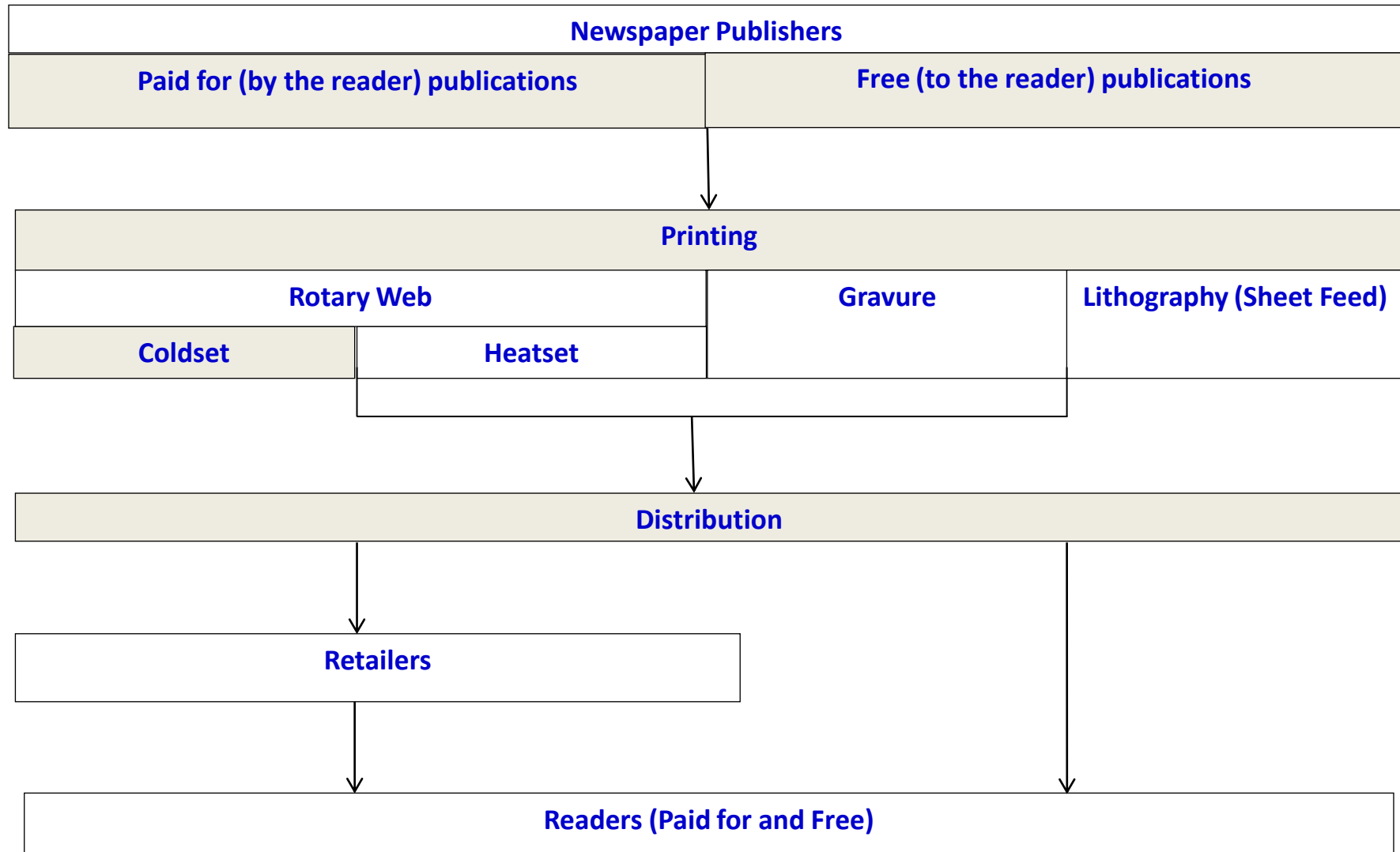
- **Merger Control** – prevent concentration
- **Enforcement** – investigation and prosecution of anti-competitive behaviour
(price fixing, abuse of dominance)

Courts and Institutions



- Section 3 states that the Competition Act “applies to all economic activity within, or having an effect within , the Republic , except -”
 - ✓ Collective bargaining in terms of the Constitution and the Labour Relations Act
 - ✓ Concerted conduct designed to achieve non-commercial socio-economic objective or similar purpose
- The Act also applies to sectors where another authority would have jurisdiction.
- Section 21 (h) requires the Commission, amongst other functions, to “negotiate agreements with any regulatory authority to co-ordinate and harmonize the exercise of jurisdiction over competition matters within the relevant industry or sector , and to ensure the consistent application of the principles of this Act.”
- To this end, the Commission has MOUs with other regulators including ICASA.

Print Media Value-Chain



Investigations in Print Media - Complaints



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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

No	Case Number	Complainant	Respondent	Market/Sector	Description of conduct	Applicable section of the Act	Date Received	Case status
1	2004Dec1369	People Free Press	Caxton Printing & Publishing / Capro	Media and publication	Predatory pricing, price discrimination	8(d)(1)	21/12/2004	Non referred after further investigation
2	2005Dec2033	Zoutnet	Caxton Printing & Publishing Ltd, CTP and Northern Media Group	Publishing and distributing newspapers	Predatory pricing, price discrimination	8(d)(1) 9	14/12/2005	Non referred after further investigation
3	2007Oct3308	DOT Marketing cc	Media 24	Media / advertising	Poaching of scarce skills	8(d)(v)	30/10/2007	Non referred at screening
4	2009Oct4739 CLP	AVusa	Caxton Community Newspapers, Independent Newspapers, Media Twenty Four and Randmark	Communication/ Media	Price fixing, the fixing of trading condition	4(1)(b)(i)	30/10/2009	CLP application
5	2009Nov4778	Mr Jayson Dawson	Caxton and CTP Publishers	Media	Inducement	8(d)(1)(2)	18/11/2009	Non referred at screening
6	2009Jan4227	Mr Shawn Harris	B&S Lift & Load cc	Media	Price discrimination	9(1)	19/01/2009	Non referred after further investigation
7	2009Jan4252	Berkina Twinting	Media 24	Media	Predatory pricing	8(d)(iv)	30/01/2009	Investigation at final stages
8	CLP	Avusa	Members of the Audit Bureau of Circulation	Distribution of Print Media	Price fixing and (prices cannot be discounted below a certain level)	4(1)(b)	20/02/2009	CLP application; Under investigation
9	2010Feb4899	The Competition Commissioner	Avusa Media Ltd/Audit Bureau of Circulations of SA/Members of the Audit Bureau of Circulations of SA	Media	Price fixing/fixing of trading conditions	4(1)(b)	02/02/2010	Under Investigation
10	2010Mar4973	Capital Media	Natal Witness (Media 24)	Media	Selling advertising space below cost	8(d)(iv)	12/03/2010	Recommended for referral
11	2010Nov5495	Mr William Moseta of William Poster Distribution	On the Dot Logistics (Media 24)	Media	Exclusionary conduct (fixing newspaper posters)	8(c)	19/11/2010	Non referred after screening

Investigations in Print Media- Mergers



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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

- We have had several mergers in the printing sector, most involving acquisitions by Media 24 (mainly increasing previously acquired stakes) -
 - ✓ Publishing of magazines and other publications (Media 24 acquired *UpperCase Media* (2008) and *8 Ink* (2008))
 - ✓ Printing and distribution of community newspapers (2010)
- Most recent, Media24/Natal Witness merger approved with conditions (still to be heard in the Tribunal) -
 - ✓ Competition concerns in the availability of favourable printing slots
 - ✓ Media 24 required to divest a stake in African Web (a printer in KZN they previously held shares in) to a third party

Key Competition Issues



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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

- The Commission has identified several concerns relating to the ability of small and/or HDI owned newspapers to compete effectively.
- In the main, concerns relate to the exclusionary behaviour (through abuse of dominance) mainly in the community newspaper segment – one investigation against Media 24 on (predatory pricing) is at final stages.
- Strategic reactions by incumbents that impede entry like predatory pricing, exclusion from the “golden hour” printing slots (e.g. *This Day* could not compete) and bundling.
- The above issues threaten the viability of small community newspapers and their ability to attract advertising , which is a key revenue source.

Diversity and Transformation for Competition



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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

- Merger control to prevent increased concentration in the sectors such that entry of new players is possible.
- Competition in the provision of information to the public - sector still dominated by few large vertically integrated (printing, publishing and distribution) media houses.
- Entry barriers affect new entry and expansion of emerging enterprises.
- No signs of effective competition at the following levels :
 - ✓ Mainstream media houses (mainly at printing, advertising and distribution)
 - ✓ Independent community newspapers and mainstream media houses (mainly at printing, advertising and distribution)

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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

- Without effective competition and diversity in media there are adverse effects on the following matters of public interest:
 - ✓ Content plurality
 - ✓ Development of niche newspapers at national, regional and local levels catering for different communities of interest
 - ✓ Even coverage of the news across the nine provinces
 - ✓ Educational opportunities denied

Necessary interventions



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TOWARDS A FAIR AND EFFICIENT ECONOMY FOR ALL

- Increased capacity in printing by both private and public interventions.
- Support for community newspapers especially in remote areas catering for different language needs.
- Support for independent publishers.
- Deeper understanding of the competition dynamics in print media - a number of complaints and mergers being probed do provide some insights.



Thank you!

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