Time to come clean, Dr Survé

By Anton Harber

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Dr Iqbal Survé is being secretive about his consortium's purchase of Independent News and Media, and this is starting to sour his arrival in the news industry.

Dr Survé has declined to identify the shareholders in his Sekunjalo Independent Media consortium, which is acquiring one of the country's biggest news groups. There is also no clarity on how the R2bn purchase is being funded, since this amount appears to be beyond the scope of his existing companies and assets.

The Independent group has 18 daily and weekly paid-for titles in English and isiZulu, a strong internet presence through the Independent Online (IOL) portal, three magazines and a number of local free newspapers. By their own account, they have a 27% share of newspaper revenue, topped only by Media24 with 35%.

Clearly, there is major public interest in who owns and funds this group, especially at a time when the Print Media Transformation Task Group is looking into diversity of print media ownership and ANC leaders have charged - oddly - that there is a "monopoly" of four newspaper groups.

The news that Sekunjalo was buying was broadly welcomed. The company had been bled dry by the Irish owners, who faced severe debt problems. They have all but closed down the group's printing operation, outsourcing it to their rivals at Caxton, and slashed staffing by a reported 3,000 jobs over the last few years.

Ownership was being brought home, and the new owner promised to put in place an editorial board and charter to guarantee independence, spoke out against the current wave of "conspicuous consumption" and undertook to invest in expanding the group.

Who are they?

But Dr Survé says he is not able to name his partners or funders. In his submissions last week to the Competition Commission, he said only that 25% of the funding and shareholding would lie with the Government Employees Pension Fund and that his shareholders include "the black business community, labour movement, women's groupings and poor people in urban areas". But elsewhere in his application, he talks of "a strong emphasis on the inclusion of broad-based groupings from both rural and urban communities".

These vague, brush-off descriptions set off alarm bells.

It is not the first time Dr Survé has faced such questions. Last year, when his controversial state marine tender was withdrawn in the face of a court action, he listed 31 SMEs which he said would suffer as a result. Media24's investigations team reported that they had tried to contact all 31, and almost all of those they could trace had no idea they were part of the Sekunjalo bid. Two companies threatened legal action against him for using their name without their knowledge.

Now he names only two shareholders: Mandla Mandela, described simply as "the grandson of South Africa's founding father" and Sandile Zungu. The credentials of Zunga and himself are somewhat enigmatically given as "appointed by the president to the BRICS Council". This must have been written before Gwede Mantashe spoke out about the "culture of name-dropping".

State now a major player in commercial media market

The fact that a state entity will hold 25% is significant, as the state holding in media is now even larger and more direct than it was under apartheid. The state has always held public media, in particular dominating broadcasting through the SABC, but with a significant shareholding also in the Times Media Group, it is now a major player in the commercial media market. This is a surprise. If you where asking where one should put pensioners' money, the declining newspaper industry would not spring to mind as a safe haven.

There is no hint of where the other R1,5bn in funding is coming from, though rumours are flying around that it involves a sovereign fund, probably from the Gulf where Dr Survé has strong ties. This would be ironic, given the celebration of a homecoming for the newspaper group.

And since this is a company that has been suffocated by the debt of its parent company, the terms of the loan may be crucial.

Newspapers should be at the forefront of the push for open governance, setting by example the high standards for public accountability that we demand of government. Dr Survé needs to take the public into his confidence.

And then a call from Survé...

An angry Dr Survé - who I have interviewed twice on this matter - called me after this column appeared. He said he has made it clear that he will make public the members of his consortium when he is able to in terms of a confidentiality agreement. "And you will like it very much, I am sure of that," he said.

He denied that the Government Pension Fund was a 25% shareholder for R500m, but would not give the correct figure. The 25% came from his own submission to the Competition Commission. He denied that he had previously been called to order for using the names of SMEs who took part in his marine tender, saying that this was just a list of potential participants which had been provided to him by the local chamber of commerce.

He accused me of subjecting him to a scrutiny I don't subject other media owners to, but I doubt that other media owners would agree with this.

ABOUT ANTON HARBER

Anton Harber, Wits University Caxton Professor of Journalism and chair of the Freedom of Expression Institute, was a Weekly Mail (now Mail & Guardian) founding editor and a Kagiso Media executive director. He wrote Diepsloot (Jonathan Ball, 2011), Recht Malan Prize winner, and co-edited the first two editions of The A-Z of South African Politics (Penguin, 1994/5), What is Left Unsaid: Reporting the South African HIV Epidemic (Jacana, 2010) and Troublemakers: The best of SA's investigative journalism (Jacana, 2010).

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