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# **Cost-Benefit Analysis of the Vuk'uzenzele Government Newspaper**

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### **Background**

Since 1999, government has extensively disseminated the content of the President's State of the Nation Address through newspaper, radio and leaflets in all official languages. However, research has highlighted the limits of these efforts. Media coverage of the State of the Nation Address and the Budget Speech reached just under 40% of the population in the weeks following the speeches. In rural areas the numbers fell to less than 20%. In addition, an audit of provincial governments and metropolitan councils showed that although two-thirds of such authorities publish a newspaper, the content is mainly provincial and/or metropolitan, with minimal news of national programmes and activities. Fundamentally, an open government should establish a set of priorities that help eradicate extreme poverty and transform a country toward inclusive, sustainable development. In support of the implementation of the core values of transparency, accountability and citizen participation in government processes that lead to better innovative and effective governance, the Department of Government Communication and Information System (GCIS) has developed national government-owned newspaper called **“The Vuk’uzenzele Government newspaper”**. Since the South African government generates a great deal information, Vuk’uzenzele aims to empower the general public with much needed information on government’s programmes and policies. For the financial year under review, a total of 18.7 million copies of the newspaper in all official languages and 4950 Braille copies were distributed. For quick access to selected information, GCIS launched a Vuk’uzenzele mobile application in October 2014 which allows users to access the newspaper on smartphones, tablets and other mobile devices. The newspaper is distributed free of charge every fortnight with particular attention given to making it available to people in rural, semi-rural and semi-urban areas with less access to mainstream media. The spread of delivery of the newspaper is in all nine Provinces. It is delivered mainly through the door-to –door, clinics, hospitals, government offices, Thusong Service Centres (TSC), Community Radio stations and subscriptions. Its information is focussed on government’s key priorities, including infrastructure development, international relations, youth matters, service delivery and rural development. It consists of 16 pages per edition with key priorities covered in dedicated page. It covers the following key issues.

- Government service-delivery projects;
- Practical information on how to access opportunities created by government programmes;
- Government programmes and campaigns in all spheres of government;
- Updates and developments on the five priorities of government including the infrastructure Development Programmes;
- Public-private partnership programmes;
- Youth programmes;
- International relations and perspective features;

- Sport and light entertaining features.

**Health - Rural Development - Employment - Safety & Security - Education**

**Vuk'uzenzele**  
Brought to you by Government Communications (GCS)

**Operation Phakisa moves SA forward**

**President Jacob Zuma says it is through initiatives such as Operation Phakisa that government is building a better life for all South Africans**

**Government aims to better the lives of South Africans by implementing its policies and programmes faster and more effectively through Operation Phakisa.**

**Govt re-opens land claims door**

**President Jacob Zuma writes for Vuk'uzenzele – Page 3**

**Vuk'uzenzele is FREE ... but please pass it on when you are done**

### International Comparisons

As the world's most populous democracy, India is home to more than 8 500 newspapers, 41 of them are owned and published by the federal and state governments. India also publishes a weekly, paid-for *Employment News*, which is a sought-after record of vacancies in the Public Service that comes with the modest innovation of application forms being included in the print edition. Russia's government publishes *Rossiyskaya Gazeta*, a daily with circulation of over 638 000. In China, the state and ruling party own and publish various newspaper titles alongside electronic/online media platforms that serve the country's 1.3 billion people. In Brazil, various government departments publish their own newspapers as part of keeping government in touch with one of the world's largest populations.

The primary objective of this study is to gain an understanding on the direct and indirect costs involved in the production of Vuk’uzenzele; determine the value added towards promoting transparency, accountability and an inclusive society; and to establish whether it is economically worthwhile to invest the Vuk’uzenzele newspaper.

### Descriptive Analysis of the Vuk’uzenzele Government Newspaper

Logical Framework - Vuk’uzenzele Government Newspaper							
<b>Impacts</b>	Active citizenry to improve the social and economic conditions in South Africa						
<b>Indicator / Measure</b>	Improvement in the lives of South African citizens						
<b>Data source</b>	STATSSA						
<b>Outcomes</b>	An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship						
<b>Indicator / Measure</b>	Improved public participation in government processes and initiatives	Percentage of citizen empowered with information about job opportunities					
<b>Data source</b>	International Public participation surveys						
<b>Outputs</b>	Access to the monthly Vuk’uzenzele publications		Access to monthly Vuk’ new spaper in the appropriate language suitable to the correct target market		Access to information generated by the Government	Effective impact of the distribution strategy and processes for the publication	
<b>Indicator / Measure</b>	No of user friendly Vuk’uzenzele new spapers produce per year	No of Brail copies to be produced per year	Percentage of Vuk’ new spaper translated into other official languages	Percentage increase in the print run over the medium term	No of Vuk’ new spapers that reach citizens per year	No of Vuk’uzenzele new spapers delivered at distribution centres per year	
<b>Intermediate Outputs</b>	Easily understandable Vuk’ new spaper publication		Translation of the new spaper	Printing and online publication	Effective reach of the primary target market residing in deep rural, rural and peri-urban areas	Efficient delivery and distribution of the vuk’ new spaper within a turnaround time of 15 days	
<b>Process / Activities</b>	Articles and ideas sourced from public sector websites and governments documents such as speeches, statements and reports	Insertion of pictures and imagines	Translation into 11 official languages	Final copy uploaded onto the systems used by printers	knock and drop distribution channel	Distribution to DOC Head office	Regular site visits to distribution sites by DOC management, auditors and regional managers
<b>Process / Activities</b>	Writing a draft with identified stories per edition	Proof reading by new s editors and then submitted to Editor in Chief for inputs	Conversion into Braille	Printing process of the new spaper	Distribution to Thusong Service Centres	Distribution to Constituency offices	Monitoring and Evaluation of all copies distributed to citizens
<b>Process / Activities</b>	Graphic design for layout design of the new s paper	Final editing and approval process	Quality control of the translated text		Distribution during community outreach programmes coordinated by DOC provincial offices.	Final copy uploaded onto the Vuk’ mobile application	Awareness campaigns
<b>Inputs</b>	Project Manager	New s Editors	Translation specialists	IT specialists	Service providers	Delivery Vehicles	DOC management team
<b>Inputs</b>	Writers and Graphic designers	IT systems and softwares	Braille Technical printers	New spaper printing machines	Senior Communications officers	Distribution management Technology	Monitoring and evaluation systems
<b>Responsibility</b>	CD: Product and Platforms	CD: Product and Platforms	CD: Product and Platforms	CD: Product and Platforms	CD: Product and Platforms	CD: Product and Platforms	CD: Product and Platforms
<b>Location of budget</b>	Content, Processing and Dissemination	Content, Processing and Dissemination	Content, Processing and Dissemination	Content, Processing and Dissemination	Content, Processing and Dissemination	Content, Processing and Dissemination	Content, Processing and Dissemination

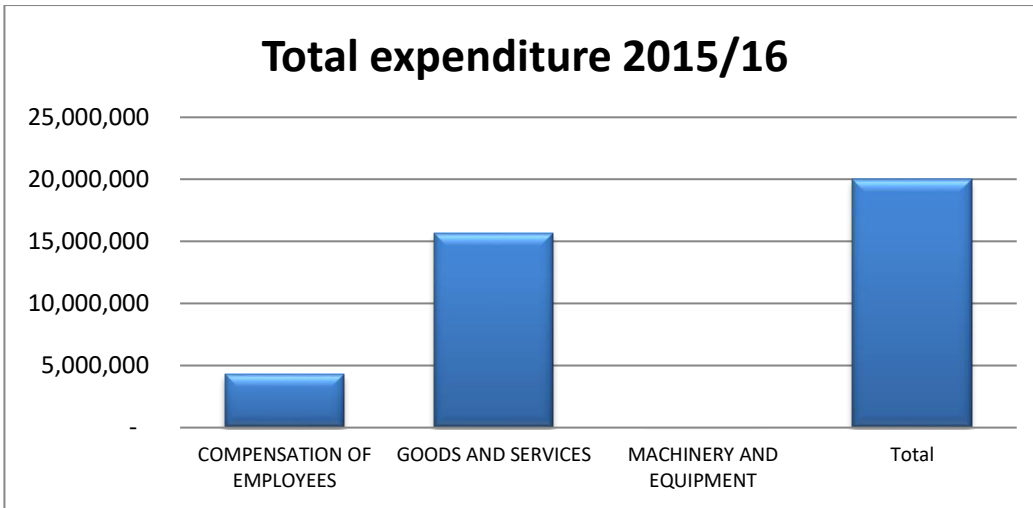
The methodology mainly used for producing a quality, user friendly and readable Vuk’uzenzele government newspaper with relevant content requires personnel with editorial, translation and writing expertise. Vuk’uzenzele is a subprogramme (Products and Platforms) with Programme 2 (Content, Dissemination and Processing) and the human resources which are critical to the production process mainly consists of the following:

- Project manager
- Three editors (1 editor and 2 sub-editors)

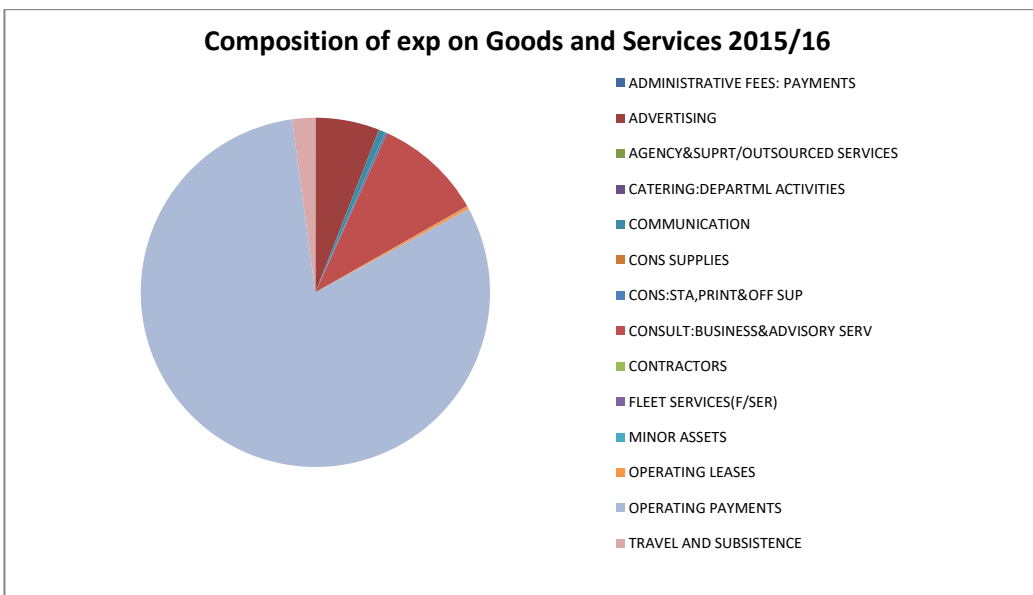
- Three Feature writers
- One Graphic designer
- One lay-out artist
- One photographer
- One Principal Communication Officer

The activities involved are centred on the compilation of the publication; translation process into the 11 official South African languages; Conversion of text into Braille; Printing and online publication processes which accounted for an average of 63.3 per cent of the total expenditure in 2015/16 financial year; and the Distribution process across all nine provinces in South Africa. This newspaper is distributed through Thusong service centres; knock and drop distribution channels; constituency offices, Department of Communication's (DOC) head office; and during community outreach programmes (Imbizos) coordinated by DOC provincial offices. Citizens can also access Vuk'uzenzele publications on their smartphones, tablets and other mobile devices through the newly launched Vuk'uzenzele mobile application. This means that Vuk'uzenzele will be accessible to any person who has a mobile device irrespective of their residence. Effective reach of the primary target market residing in deep rural, rural and peri-urban areas is a fundamental basis that informs the determination to achieve the final outcome, *An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship*. This will be evident through improved scores awarded to South Africa by international public participation surveys and initiatives as well as increases in the economic active population. However, Does Vuk'uzenzele have a direct or indirect impact on Job creation? How does Vuk'uzenzele influence the behaviour of citizens which lead to better and active society? What is the impact of the information generated by government in Vuk'uzenzele on the lives of ordinary South African Citizens? Ultimately an active and informed citizenry will strengthen the level of trust between the Government, civil society organisation, and business to improve the socio-economic conditions in South Africa.

### **Expenditure Analysis**



As depicted in the graph above, Total expenditure on Vuk’uzenzele amounted to R19.987 million in 2015/16 mainly on compensation of employees (R4.292 million); and goods and services (R15.651 million) and machinery and equipment (R0.044 million). It is evident that goods and services accounts for an average of 78.3% and of vital importance to examine the composition of spending on goods and services items.



The main cost drivers operating payments (Printing & Publications, Membership & Subscription fees, and Courier & delivery services), advertising and Consultants: Business and Advisory services. Total spending on printing accounts for 80.7 per cent of total expenditure on goods and services. Advertising and business and advisory services accounted for 15.9 per cent in 2015/16. Spending on consultants is mainly for translation services which are sourced externally.

## Funding of the Vuk'uzenzele newspaper

Vuk'uzenzele is funded mainly through the Government Communication and Information Systems (GCIS) appropriated budget and revenue generated through advertisements which is managed during the Adjusted Estimates process as a self-funding project. Various government departments request the GCIS to place advertisements in commercial media platforms on behalf of government. This means pulling all the advertisement requirements of national departments and thereafter negotiates better rates in the most suited commercial media platforms. The objective of media bulk buying is to realise substantial savings for government due to negotiated discounts. Between the 2010/11 and 2014/15 financial years the GCIS managed to realise savings to the value of R124.3 million in discounts on behalf of its clients which increased from 28 departments in 2010 to 45 departments in 2015.

In 2014 a decision was taken by the Inter ministerial committee to centralise the advertisement of government recruitment vacancies in Vuk'uzenzele which were not included previously. This initiative is likely increase to the number of government institution who requires media bulk buying services and lead to a greater demand for the Vuk'uzenzele newspaper. The recruitment advertising is not limited to printed material but also extended to special pages on government website, Vuk website & online application as well as social media applications. Additionally the newspaper also enjoys a wider distribution of advertisements with lower rates when compared with mainstream newspapers and generates funding within its own current budget baseline.

Over the 2017 Medium term expenditure framework period, a total of R82.2 million has been allocated for the production of 60 million copies over the three years. The bulk of spending will be driven by goods and services mainly operating payments for distribution, printing and delivery services.

## Cost Analysis of Vuk'uzenzele

Due to budget constraints as a result of the deteriorating global economic conditions, GCIS has revised the production and distribution of Vuk'uzenzele from 20.4 million copies in 2015/16 to 18.7 million over the Medium term. However the production of Braille copies will increase from 5400 to 7200 over the same period. The total cost (Including Braille) of producing and distributing the



newspaper will decrease by R875 747 from R42.293 million in 2015/16 to 41.417 million in 2016/17.

<b>Vuk’uzenzele Production and Distribution Operational Costing per unit</b>	<b>Base 2015/16</b>	<b>5.6% 2016/17</b>	<b>5.0% 2017/18</b>	<b>5.0% 2018/19</b>
Distribution cost per unit	R 0.76	R 0.80	R 0.84	R 0.88
Printing cost per unit	R 0.82	R 0.87	R 0.91	R 0.95
Braille cost per unit	R 201.03	R 212.29	R 222.90	R 234.05
Production staff unit	R 0.38	R 0.40	R 0.42	R 0.44
Media buying cost per unit	R 0.06	R 0.06	R 0.07	R 0.07
<b>Total cost per unit (excluding Braille)</b>	<b>R 2.02</b>	<b>R 2.13</b>	<b>R 2.24</b>	<b>R 2.35</b>

Although the number of copies has been reduced to 18.7 million per year, based on the costing analysis, the distribution, printing, production staff and media bulk buying costs per unit continue to increase at an average inflationary rate of 5.3 per cent over the MTEF. The net effect on the total cost decreases by 2 per cent. It is evident that it costs the department R2.13 per unit (excluding Braille) for producing and distributing a Vuk’uzenzele newspaper across the nine provinces of South Africa. The total cost per unit is expected to increase to an average of R2.24 in 2017/18 over to R2.35 in 2018/19. In 2016/17, the highest cost drivers comprises of distribution and printing cost of R0.80 and R0.87 per unit respectively. Other costs drivers include production staff unit and media bulk buying cost per unit which account for 21.6 per cent against the total cost per unit.

Translating text of Vuk’uzenzele into Braille requires a special six-typing machine; computer software that converts the manuscripts electronically; and specially trained and certified professional Braille typists. Once the manuscripts have been typed by a Braille transcriber, then it is proofread so that any errors can be corrected or changes made before manuscript is published. At this stage, the blind reader and a sighted reader work side by side, comparing the original text with the Braille version. After the manuscript is completely proofed and corrected, a master copy of it is made for the printing press. The master is cast on a zinc plate. A special machine, separate from the actual printing press, is used to stamp the Braille impressions in the metal. Each page of the manuscript has its own zinc master. After the zinc plates are fitted onto the press, a worker running the press feeds the paper into the machine and the Braille version of Vuk’uzenzele newspaper is printed. This phase of the production process is outsourced to consultants as the department does not possess the required human resources; machinery and equipment in-house.

The GCIS spends an average of R223.17 for the translation of text into 7200 Braille copies of Vuk’uzenzele per annum. As indicated in the table above, there is a significant difference between Braille costs per unit and total unit costs of producing the newspaper. However the total net effect amounts to R4.818 million over the 2016/17 – 2018/19 periods which constitutes 3.7 per cent against total cost of producing and distributing the Vuk’uzenzele newspaper. Taking into consideration the production of 18.7 million copies, the department’s total funding requirements amount to R4.1 million over the 2017 MTEF period.

**Scenario 1:** if the number of copies produced per year is reduced by 5 per cent and Braille copies from 7200 to 6000 each year, holding all other factors constant, the department can realise savings to the value of R2.952 million over the MTEF.

**Scenario 2:** if the number of copies produced per year is reduced by 10 per cent and Braille copies increase from 6000 to 6500 each year, holding all other factors constant, the department can save an average of R2.985 million per year with the publication of the newspaper. It is also noted that the cost per page and single column centimetre plays a critical role in the determination of the overall production cost. If the size of the newspaper is reduced by 1 full page, the department will save 7cents per copy on printing cost, 3cents per copy for half a page, and 2cents for quarter of a page.

**Market Related Rates Analysis**

South Africa has four media conglomerate – Media, Time media, Caxton and Independent Newspapers. These companies collectively own just over 95% of total print media. The four newspapers that used to carry the bulk of government vacancies are Sunday Times, City Press, independent Newspaper Workplace and Sowetan. When we compare the model of Vuk’uzenzele with rates charged by these conglomerates, it makes business sense from a financial perspective for government to drive its own vacancy advertisements in its own publication.

<b>Market Related Rates – 2015/16</b>	<b>Vuk’uzenzele</b>	<b>Sunday Times</b>	<b>City Press</b>	<b>Star Workplace</b>	<b>Sowetan</b>
Rates inclu VAT with exception of Vuk’uzenzele	R 448	R 619	R 495	R 294	R 378
Newspaper size	39HX8W	54HX10	54HX10W	39HX8W	39HX8W
1 Full page	139 755	390	118 676	96 029	99

		738			529
Half page	69 877	167 135	133 585	45 810	59 042
Quarter page	34 938	83 567	66 762	22 905	29 521
<b>Circulation per print run</b>	<b>850 000</b>	<b>390 738</b>	<b>118 676</b>	<b>96 029</b>	<b>99 529</b>
Cost per Citizen Analysis					
1 Full page	0.07	0.86	2.25	0.95	1.19
Half page	0.03	0.43	1.13	0.48	0.59
Quarter page	0.02	0.21	0.56	0.24	0.3

As depicted in the table above, Vuk’uzenzele prints the most copies on a monthly basis when compared to the media and/or newspaper market which includes the Sunday times; City Press; The Star workplace and Sowetan. The column size of the Star Workplace (39H8W) is equivalent to the Vuk’uzenzele; however the production cost of the Star Workplace is lower than the cost of producing Vuk’uzenzele per print run but it produces more copies per month. The commercial news media is not a public service – it is a business. Its survival depends on both consumers buying and using its services and its ability to generate profit. That profit comes from two sources: advertising and cover sales.

These commercial imperatives do put limitations on what and how much the commercial media can bring out. If the resources do not permit them to go to certain areas (e.g. rural places), those areas and their inhabitants will be left out as newsmakers and news consumers. Therefore this makes a case for the existence of Vuk’uzenzele to deal with this inherent problem with a commercialized media system, where profit maximization is the goal. GCIS through Vuk’uzenzele evens out the ground, as it will not turn news, particularly government information, into a commodity that has to be bought.

### **Challenges**

- In 2013 the GCIS conducted research to assess the distribution and content of Vuk which indicates that a large number of people who were meant to receive it, have not seen the newspaper before. This is despite all attempts made to reach a wider audience. The findings also raise the challenge of monitoring that more citizens receive the publication more frequently, to ensure user loyalty to this communication platform.

- Vuk'uzenzele is meant for the lower Living Standard Measure (LSM) readers in rural and semi-rural areas thus making it impossible to explore the cost recovery approach in the production of the newspaper. Hence it is distributed free of charge.
- The funding model opted for having been the best of the various options studied does not seem to address the ever increasing demand of the copies of Vuk's. GCIS's baseline budget has been cut over the MTEF period making it near impossible to increase the baseline of Vuk.
- The current frequency – bi-monthly - makes it difficult for the newspaper to be top of mind with readers and limits the paper's relative competitiveness in the media market. Its current frequency may induce the belief among readers that the publication is out of date by the time it appears, and undermines GCIS's partnership with government communicators who may themselves be drawn to publications that are produced weekly and or daily.

### **Conclusion/ Recommendations for savings**

- **Reaching a wider audience** - The GCIS should explore various measure to source advertising form the private sector which can generate more income for the department and finance the funding requirements for increasing the print run of Vuk on monthly basis. Alternatively, GCIS should make use of the Vuk'uzenzele online application to publish information more frequently. In essence, the content should information we that is more time-bound to ensure it relevance and provide more value add to its readers. For example, advertisement of government vacancies on the Vuk' app as and when they become available will allow readers better accessibility to job opportunities to the mainstream labour market.
- **Advertising of Government vacancies** - Currently, government recruitment advertising is directed towards commercial media with limited attention being focused on – or limited options existing for – communication platforms in print or online that are operated by government itself such as Vuk'. GCIS should also consider bringing public entities on board for the advertisement of vacancies as part of revenue-raising initiatives for the project.
- **Distribution of the Vuk'uzenzele** – through this analysis, it has been observed that it is difficult to establish how many newspaper are actually delivered at the various distribution

centre at specific times and to the relevant people on quantitative approach. This requires a more informed qualitative analysis.

**It is recommended that the following measures be applied in order to realise savings through the production and distribution processes:**

- Expand each newspaper editions by 2 pages and decrease the numbers of copies published by 5 per cent over the MTEF. This will result in savings amounting R333 969 per month. This translates into R4.0 million per annum. These funds can be reinvested into technological initiatives that will transform access to media from printed manuscripts over to electronic platforms such the Vuk' app.
- If Braille copies are produced internally, the department an average of R23.2 on the overall braille cost per unit. Although the machinery and equipment is expensive saving can be achieved over the long-term.
- Vuk'uzenzele newspaper carry at least 60% of government recruitment, tender and notices advertisement per annum and the GCIS Media Buying Unit to source, place and manage the placements in each edition.