UNIVERSITY OF SWAZILAND
FACULTY OF HUMANITIES
DEPARTMENT OF JOURNALISM AND MASS COMMUNICATION
2015/2016 EXAMINATION QUESTION PAPER: MAIN

TITLE OF PAPER: INVESTIGATIVE REPORTING AND PRECISION JOURNALISM

COURSE CODE: JMC 402

TIME ALLOWED: 3 HOURS

INSTRUCTIONS:

Answer **THREE** questions. At least one question from each section.

Spelling and grammar will count in grading.

Use your own examples to illustrate your answer(s).

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR

SECTION A

QUESTION 1 (COMPULSORY)

Write a detailed story using the data provided on Women and Men in Southern Africa media. (See appendix).

(20 Marks)

QUESTION 2

Write a critique on the story "How Swaziland was robbed of iron ore billions".

(20 Marks)

QUESTION 3

a) Write a critique of public opinion polls in the media in Swaziland.
(10 Marks)

b) Is data journalism about figures? Discuss, giving examples to illustrate your answer.
(10 Marks)

SECTION B

QUESTION 4

As a consumer of media, cite two stories that stand out as well investigated pieces in the local media. Justify your selection.

(10 Marks)

Investigative journalism and precision journalism can be compared and contrasted. Discuss, giving examples to support your answer.

(10 Marks)

QUESTION 5

a) Explain what you understand by adversarial interviewing.

(2.5 Marks)

b) What makes adversarial interviews different from other interviews?

(5 Marks)

c) Give examples of two stories where you can use adversarial interviewing technique. Provide justification for your answer.

(5 Marks)

d) What is covert interviewing?

(2.5 Marks)

e) Give examples of story ideas (two) where you are likely to use this type of interviewing technique.

(5 Marks)

QUESTION 6

In investigative journalism there are high risk investigations. Discuss any four high risk investigations, giving examples that appeared in the local or international media to support your answer.

(20 Marks)

TABLE ONE: SUMMARY OF KEY QUANTATIVE FINDINGS FOR SOUTHERN AFRICAN MEDIA HOUSES

CATEGORY	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Percentage of employees by sex	41	59	46	54	73	27	22	78	33	67	23	77	33	67	27	73	40	60	40	60	50	50	36	64	33	67	13	87
OCCUPATIONAL LEVELS																												
Non-permanent	36	64	38	62	0	0	17	83	60	40	17	83	52	48	21	79	24	76	56	44	56	44	55	45	33	67	7	93
Unskilled	29	71	67	33	74	26	28	72	58	42	23	77	30	70	29	71	47	53	36	64	23	77	39	61	21	79	16	84
Semi-skilled	55	45	98	8	78	22	34	66	26	74	41	59	35	65	61	39	57	43	57	43	55	45	0	100	67	33	45	55
Skilled technical	45	55	32	68	45	55	23	77	17	83	31	69	22	78	19	81	42	58	50	50	51	49	25	75	54	46	18	82
Professionally qualified	31	69	28	72	57	43	15	85	46	54	15	85	40	60	28	72	33	67	21	79	42	58	38	62	37	63	30	70
Board of directors	28	72	24	76	47	53	18	83	10	90	27	73	36	64	25	75	39	61	33	67	38	62	22	78	27	73	38	62
Senior management	28	72	39	61	50	50	8	92	20	80	26	74	22	78	35	65	35	65	29	71	35	65	30	70	33	67	10	90
Top management	23	77	30	70	56	44	18	82	13	88	19	81	25	75	17	83	42	58	33	67	25	75	21	79	11	89	13	88
CONDITIONS OF EMPLOYMENT																												
Part-time	23	77	100	0	0	0	16	84	60	40	23	77	40	60	29	71	33	67	56	44	61	39	35	65	40	60	5	95
Full-time, fixed term contract	37	63	25	75	0	0	20	80	42	58	31	69	31	69	21	79	48	52	23	77	55	45	24	76	10	90	50	55
Freelance[1]	43	57	22	78	25	75	22	78	50	50	35	65	53	47	40	60	21	79	33	67	54	46	59	41	38	62	22	78
Full-time open-ended contract	42	58	51	49	74	26	23	77	26	74	23	77	26	74	23	77	42	58	41	59	49	51	36	64	30	70	18	82
DEPARTMENTS[2]																												
Human resources	44	56	81	19	100	0	21	79	44	56	75	25	32	68	51	49	67	33	0	100	74	26	68	32	32	68	58	42
Advertising/Marketing	57	43	38	62	36	64	34	66	62	38	36	64	38	62	43	57	56	44	63	38	61	39	32	68	46	54	40	60
Finance & administration	54	46	67	33	80	20	33	67	58	42	21	79	46	54	26	74	70	30	71	29	59	41	56	44	49	51	25	75
Editorial	42	58	36	64	48	52	29	71	31	69	28	72	39	61	27	73	44	56	35	65	52	48	36	64	38	62	17	83
Design	31	69	38	62	20	80	21	79	10	90	22	78	13	87	19	81	44	56	23	77	40	60	51	49	11	89	50	50
Production	30	70	50	50	0	100	23	77	7	93	22	78	23	77	14	86	39	61	0	0	34	66	33	67	23	77	33	67
Printing & distribution	24	76	50	50	50	50	17	83	18	82	25	75	6	94	11	89	23	77	19	81	33	67	0	100	6	94	0	100
Technical/IT	16	84	0	100	0	100	9	91	0	100	6	94	16	84	3	97	5	95	3	97	23	77	30	70	17	83	0	100
POLICIES																												
Gender policy	16		20		25		0		7		40		33		7		27		0		9		21		22		0	
Sexual harassment policy	28		60		50		20		0		30		56		7		36		0		82		21		11		25	
Want gender policy	68		60		75		100		73		70		78		71		45		33		64		50		78		75	

1. The conditions of employment refers only to freelancers in the production department of the media house.
2. The statistics are inclusive of managers within these departments.

How Swaziland was robbed of iron ore billions

2015-09-27 05:46:41 PM

Johannesburg - Swaziland's first attempt to mine iron ore in almost 40 years ended in ruins as it is alleged that millions of dollars in profit was siphoned off to the Seychelles in an abusive transfer pricing scheme.

And now the businessman who ran the mine is trying to claim "restitution" for $5m (R69m) worth of payments he made to Swaziland's king, allegedly to secure the mining rights.

Shanmuga Rethenam, a Malaysian businessman who once considered himself a close personal friend of King Mswati III, stands accused of inflating transport costs to shift profit from the Swaziland mining operations of Ngwenya Mine to his own company in the Seychelles.

The accusations were made by Rethenam's own business partners - a claim backed up by internal financial statements of Rethenam's company as well as documents and emails filed in court papers, which provide new insight into why the Swaziland mining operation was struggling financially.

In 2011, Rethenam's SG Iron was granted a seven-year licence to reprocess ore dumps that were left behind when Anglo American stopped mining there in 1977.

SG Iron was 50% owned by Southern Africa Resources Limited (Sarl), a company that Rethenam controlled in the Seychelles, 25% by the government of Swaziland and, as is the custom in Swaziland, 25% by the king.

Over a three-year period, SG Iron shipped R2.28 billion worth of iron ore out of Ngwenya Mine.

But for all the iron ore leaving Swaziland, the country earned no tax, and saw little in the way of dividends and royalties because roughly R2.21 billion was eaten up by a single line item - "transport and production".

"It costs us a lot of money to process the waste," Rethenam told City Press. "It's not like a coal project in South Africa, where somebody else has already done coal ... This was our learning curve."

The financial statements audited by PwC in Singapore provide no breakdown of these enormous costs, but internal financial records show that for every R1 earned in sales, roughly 94c to 97c was spent on transport. And through a deal that Rethenam struck, the sole provider of transport was Rethenam's company in the Seychelles, Sarl.

"We came up with this scenario that the parent [company] will run the logistics and then the mining company will just mine ... with the blessing of the king and the blessing of the government," Rethenam said.

"It's a total arm's-length transaction."

"Arm's-length" transactions refer to related companies charging each other the same prices they would charge outsiders - a safeguard against transfer mispricing to dodge taxes or rip off minority shareholders.

However, Rethenam was not only the president of SG Iron, he also acted as a president of the parent company Sarl, in which he held a 20% stake, and he had ultimate control over both companies.

The extremely high transport costs being charged by SG Iron's major shareholder, from a tax haven, throws up a major red flag for transfer mispricing - the form of illicit financial flow recently blamed by former president Thabo Mbeki's high-level African Union panel as robbing Africa of countless billions of rands.

Rethenam insists that despite the high logistics costs, "the parent company was losing money through the nose".

Ngwenya's isolated location, 145km from Maputo, makes it difficult to determine accurate costs for transport. While the Swaziland company saw little to no profit, a letter from Gautam Radia, co-owner of Sarl, to Rethenam, claims that the Seychelles company, which did nothing except provide logistics for the Swaziland company, made "in excess" of $40m (R553m) in profit up to that point.

In 2012/13, SG Iron's most productive year, 1.2 million tons of iron ore were exported out of Swaziland. While SG Iron made a modest profit of R66 million - profit that was soon offset by losses - R956 232 000 was transferred to Sarl in the Seychelles for transport costs listed under "purchase of goods and services".

Ironically, the allegations of this abusive transfer pricing scheme only emerged when Rethenam launched legal cases against the king and the Swaziland government in courts in Canada, the British Virgin Islands and the Seychelles.

In a strangely candid admission, Rethenam's own affidavit details how his Seychelles business partners, Radia and Ajay Singhvi, approached Mswati's private secretary, Sihle Dlamini, with allegations against him.

"[Radia and Singhvi] told him I had been enriching myself through Sarl and SG Iron, which Mr Sihle said was as good as embezzling Swaziland state funds," his affidavit reads. "Mr Gautam told Mr Sihle that I had claimed a $20 000 000 bonus from Sarl while SG Iron was losing money, disguised the transfer pricing under a logistics contract between Sarl and SG Iron to make huge profits, taken other commissions and mismanaged SG Iron."

Rethenam vehemently denies these allegations.

Although Dlamini, who also represented the king on the SG Iron board, declined to comment on these allegations, emails between him and Rethenam show that after hearing these allegations, he demanded that Rethenam justify why SG Iron was paying such high transport fees to its parent company.

After Radia "revealed the breakdown of rates Sarl charged [SG Iron]" he recommended that SG Iron should "either terminate the agreement with Sarl or, alternatively, renegotiate so that the terms would be more favourable to [SG Iron]", according to Rethenam.

Rethenam also confirmed that Dlamini "requested a refund" of some of these costs.

In his affidavit, Rethenam said that he offered to meet Mswati to explain, "but for the first time ever in my relationship with [Mswati], I was turned down. Mr Sihle told me that [Mswati] had instructed him to shut down SG Iron and to start afresh."

In October 2014, SG Iron was placed into liquidation by Dlamini - a dramatic change of fortunes for the businessman who, earlier that year, was on the verge of signing the long-term lease over Ngwenya. He even had global commodity giant Glencore knocking on his door trying to buy in.

As iron prices plummeted, Glencore pulled out of the deal and Rethenam fell out of favour with the king.

SG Iron stopped making cash payments to Sarl and Rethenam became embroiled in a messy fight with his own shareholders.

Rethenam, who is now fighting a separate court battle with Singhvi in the Seychelles, said his only crime was being too generous to the Swaziland state at the expense of the other shareholders.

"This is what my other shareholders have accused me [of]: 'You have sided with the Swazi government ... You are not being responsible to the other shareholder of the parent company.' This is true," Rethenam said. "These people are suing me for negligence and for so many things I've done in Swaziland. So, I'm stuck between two rocks - the king and the shareholder."

SG Iron's licence made provision for a 3% royalty to be paid to a trust controlled by the king, but after transport and insurance, this amounted to just less than R7m in three years.

Despite being granted a favourable tax rate of 10%, SG Iron's accrued losses meant it also did not pay any tax.

Rethenam points to the other benefits that had accrued to Swaziland, such as an estimated R12m in road levies.

"I will not say there was not enough coming back to Swaziland," he said. "There was enough."

One clear beneficiary was the king himself.

In 2012, Mswati was given a $10m loan to be paid from future dividends, but it appears the Swaziland government saw no dividends over the three-year period.

Earlier this month, Rethenam described in court papers how he was "forced" to pay $1.5m to a New York art dealer and $3.5m for luxury upgrades to Mswati's plane.

"I understood the demand to come with an implied threat that, if [Mswati's] demand was not met, the Ngwenya iron ore project would be placed in jeopardy."

Rethenam is asking the courts for $5m in "restitution", claiming he made the payments under "economic duress".

However, in an affidavit filed in Canada, Singhvi said that this money came from Sarl, and the other shareholders did not give Rethenam permission to pay for these lavish gifts for the Swazi monarch. They are demanding that Rethenam reimburse them with whatever money he recovers (see story below).

The public version of events in Swaziland is that SG Iron merely succumbed to plummeting iron ore prices.

Rethenam however claims that the company was deliberately sabotaged by the king and has threatened the Kingdom with a R1.7bn damages claim.

Detailed questions were put to both the government spokesperson and Dlamini, but both failed to respond by the time of going to press.

BETTING ON GLENCORE'S $57m

By the end of 2014, Shanmuga Rethenam expected to be sitting on a new 30-year mining licence and a lucrative $56.5m (R782m) deal from Glencore.

Instead, his ambitious plan to take control of iron ore assets throughout Swaziland was derailed - according to him, because he failed to deliver on a $4.5m payment to the king.

"Everything was in place for us," Rethenam said, "and suddenly everything changed."

Glencore wanted a stake in the Seychelles parent company providing the logistics, not the mine itself. The cash from the deal would have funded the payment to Mswati, according to Rethenam.

Buried in the mountain of papers filed before the Canadian court is a "strictly confidential" three-page proposal from Glencore outlining a $56.5m investment into Sarl - provided that Rethenam could secure a "fresh mining licence" for the Ngwenya mine.

Although SG Iron already had a seven-year licence to mine the dumps, the real long-term value lay in the main mine, with its estimated 21 million tons of high-grade iron ore reserves.

Glencore's initial proposal was to invest $40m through loans and pay $16.5m to Rethenam for a 10% stake in the Seychelles company.

"His Majesty was aware that a condition to the sale of my shares was that SG Iron had to provide a fresh mining licence for the main mine in Swaziland," Rethenam states in his affidavit.

"[Mswati] personally advised me that he would agree to grant a 30-year lease of the main mine to SG Iron on the condition that I would see to it that the receivables owing by [Mswati] be retired."

In his affidavit, Rethenam details how he had agreed to pay $4.5m to a company belonging to Mswati - the money would in turn be used to write off certain debts the king allegedly owed. Problems arose when Glencore changed its proposal.

"Rethenam and [Mswati] were banking on this deal to be a life-changing event for them," Singhvi states in his affidavit. "Unfortunately, this deal fell through."

Rethenam said: "We had a deal with the king and then everything went sour when that particular deal didn't materialise.

"When the actual deal was about to take place, Glencore came in and said: 'Shan, we do not want to buy a share in your company. We would like to put all the money into a loan.'"

In an email dated April 4 2014, Glencore confirmed the new proposal would see the global commodities giant investing $56.5m as a loan with the option to buy equity at a later stage.

"Glencore's [new] offer was very clear," said Rethenam. "They said: 'You have to use 100% of the money in the mine. We will not allow you to use any of the money for any other thing.'"

However, later that month, Glencore ended its negotiations. "We had certain preliminary discussions regarding a potential investment in Sarl and conducted an initial due diligence," said Glencore spokesperson Charles Watenphul.

"In April 2014, we terminated discussions due to the declining market conditions in iron ore and corporate governance concerns."

Rethenam maintains his failure to deliver on the $4.5m payment to Mswati was what led to the collapse of the mining company.