



competition commission
south africa

Media Statement

For Immediate Release

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COMMISSION REACHES AGREEMENT WITH MTN ON REDUCTION OF DATA PRICES

The Competition Commission has referred to the Competition Tribunal for confirmation as an order a consent agreement reached with MTN.

The agreement follows protracted discussion between the Commission and MTN after the Commission initiated the Data Services Market Inquiry (DSMI) and published its final report with findings and recommendations.

The Commission found, among other things, that data prices were high in South Africa and MTN, and Vodacom, must independently reach agreement with the Commission, within two months of the publication of the report on substantial and immediate reductions on tariff levels, especially prepaid monthly bundles.

Vodacom and the Commission concluded a consent agreement on 9 March which reduced prices for Vodacom as of 1 April. MTN had already been in negotiations with the Commission but was also forced to respond in the market to those price changes and the additional subscriber value provided by Vodacom as anticipated by the Commission. These changes to pricing and free data are now confirmed as irreversible commitments through an order of the Tribunal.

In terms of the agreement MTN undertook implement the following:

Retail price reductions

1. MTN shall reduce the price of 30-day prepaid bundles up to 1GB, with the 1GB monthly bundle being reduced to R99.
2. From 1 May 2020, MTN shall implement the retail price reductions across all its retail channels.

3. MTN shall communicate these reductions to all channel partners in April 2020 and will endeavour to apply these price reductions across all MTN channels from 1 May 2020.

Daily lifeline package

1. MTN shall offer all its customers a daily free Data bundle to use in Ayoba, which shall be capped at 20MB per day.
2. The Commission noted that MTN revealed that it implemented the daily lifeline package in respect of the Ayoba chat, media and channels functionalities on 12 March 2020, and is still to implement the Ayoba browser functionality following this consent agreement.

Zero-Rated Access

1. With effect from May MTN shall offer all its customers Zero-Rated Access to certain PBO and other websites, subject to a maximum of 500 websites, focussing on education, healthcare and job recruitment via MTN's own website, which shall be capped at 500MB per month per customer and be subject to the terms and conditions listed in Annexure C hereto.

Transparency

1. MTN shall enable all its customers, and at no charge, to manage their data usage through an MTN USSD and on the MTNApp.co.za website.

The Commission has reached agreements on data prices with Vodacom, Telkom and Cell C subsequent to the publication of the DSMI report.

“The confirmation of the agreement with MTN means that all mobile operators have now formally ascribed to the voluntary commitments contained in the recommendations of the Data Market Inquiry for short-term price relief to consumers. This successful conclusion of the first phase of recommendations could not have come at a better time given the greater reliance the public has on data during the crisis. The Commission can now turn to focus on the medium-term recommendations around regulatory and legislative change, as well as the development of free public WiFi and alternative broadband infrastructure,” says Competition Commissioner, Tembinkosi Bonakele.

BACKGROUND

In August 2017 The Commission initiated the DSMI on 18 August 2017 following a submission of concern from the Minister and persistent concerns by the public about the apparent high level of data prices in the Republic, and the importance of data affordability for consumers and the economy in general.

The DSMI commenced on 18 September 2017 and on 20 September 2017 the Commission published a call for submissions. The Commission held public hearings from 17 to 19 October 2018, and on 24 April 2019 published a provisional report for comment. The Commission thereafter received further submissions and conducted further consultations.

On 2 December 2019, the Commission published its final report setting out its findings and recommendations in the DSMI. With regards to MTN the report recommended the following:

1. MTN must independently reach agreement with the Commission, within two months of its publication on substantial and immediate reductions on tariff levels, especially prepaid monthly bundles.
2. MTN must independently reach agreement with the Commission, within two months on a reduction in the headline prices of all sub-500MB 30-day prepaid data bundles to reflect the same cost per MB as the 500MB 30-day bundle, or cost-based differences where such cost differences have been quantified.
3. MTN must independently reach agreement with the Commission to cease ongoing partitioning and price discrimination strategies that might adversely affect lower income consumers.
4. MTN must reach agreement with the Commission, within three months, to offer all prepaid subscribers a lifeline package of daily free data to ensure all citizens have data access on a continual basis, regardless of income levels.

5. MTN must reach agreement with the Commission, within three months on the Zero-Rating of certain content for PBOs and educational institutions.

6. MTN must reach agreement with the Commission, within three months to inform a subscriber, on a monthly basis, of the effective price for all data consumed that subscriber.

The Commission will institute ongoing monitoring of pricing levels and profitability into the future until the market becomes more competitive.

[ENDS]

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