

Tuesday, 10 March 2020

Opening and introduction by Deputy Commissioner Hardin Ratshisusu at the announcement of a settlement between the Competition Commission of South Africa and Vodacom (Pty) Ltd

Ronnie Mamoepa Press Room, Pretoria, South Africa

Thank you programme director, Mr Siphon Ngwema.

Let me welcome the Minister of Trade and Industry, Minister Ebrahim Patel. We thank you once again for your support of the work of the Competition Commission, it is therefore equally fitting that you are here today for this important announcement.

Joining the Minister is the Director General of the Department of Telecommunications and Postal Services, Director General Robert Nkuna, whose department has been supportive from inception and throughout the course of the Data Market Inquiry.

Alongside him is the Chief Executive Officer of Vodacom Group, Mr Shameel Joosub, who we have spent most of the last three months engaging with on the findings of the Data Market Inquiry Report as they relate to Vodacom.

Our host today is the Commissioner of the Competition Commission of South Africa, Commissioner Tembinkosi Bonakele, who has been at the helm of the Competition Commission at the time of heightened focus on market inquiries as a tool for enforcement and advocacy. Under his leadership we have seen the successful completion of four market inquiries in healthcare, grocery retail, liquefied petroleum gas and data markets, the latter being the focus of today's announcement.

The final report of the Data Market Inquiry was released by the Competition Commission on 2 December 2019. This report found that South Africa currently performs poorly relative to other countries on data costs, with prices generally on the more expensive end. Current comparisons of prices charged by Vodacom and MTN in other African markets in which they operate also reveal that their South African prices are higher than in most of those countries.

South Africa performs somewhat better on international benchmarks for mobile post-paid data prices relative to prepaid data prices, although South Africa is still considerably more expensive than the cheapest countries and is seeing its ranking decline over time. This finding is indicative of a potential structural problem with retail prices in South Africa, where poorer, prepaid consumers are exploited with relatively higher prices than the wealthier post-paid consumers.

At the conclusion of the inquiry, the Commission identified and broadly made a final package of recommendations intended to provide immediate relief to consumers in order to address high data prices:

- That Vodacom and MTN must independently reach agreement with the Commission on substantial and immediate reductions of tariff levels, especially prepaid monthly bundles, within two months of the release of the final report. The preliminary evidence suggested that there is scope for price reductions in the region of 30% to 50%.

- Vodacom and MTN must independently reach agreement with the Commission within two months of the release of the final report 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, as well as the cessation of partitioning strategies that contribute to pricing which may have adverse effects on lower income consumers.
- Vodacom and MTN must independently reach agreement with the Commission to cease ongoing partitioning and price discrimination strategies that may facilitate greater exploitation of market power and pricing which may have adverse effect on lower income consumers.
- All mobile operators must reach agreement with the Commission within three months of the release of the final report 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.
- All mobile operators must reach agreement with the Commission within three months of the release of the final report on a consistent industry-wide approach to the zero-rating of content for public benefit organisations and educational institutions.
- All mobile operators must reach agreement with the Commission within three months of the release of the final report to inform each subscriber, on a monthly basis, of the effective price for all data consumed by the customer.

The inquiry report also contains other important recommendations that either affect mobile network operators generally, are of a regulatory or policy nature.

We recognize all media and stakeholders here today for this announcement, which marks a significant execution of key recommendations contained in the final inquiry report.

The Commission continues to work closely with the Independent Communications Authority of South Africa, represented here today, to address regulatory challenges in order to promote competition and competitiveness of the communications sector.

At the policy level, the Commission continues its advocacy efforts in the sector, working closely with the Department of Communications and Digital Technologies and the Department of Trade, Industry and Competition.

In the midst of the fourth industrial revolution, it is crucial that our markets are competitive and the cost to communicate is cost effective, affordable and inclusive.

I once again welcome you to this announcement and now hand over to Commissioner Bonakele and Mr Joosub to conclude the agreement and thereafter give remarks.

Thank you.