



**competition commission**  
*south africa*

**Media Statement**

**For Immediate Release**

**14 April 2020**

**TELKOM AND THE COMPETITION COMMISSION REACH AGREEMENT  
ON REMOVAL OF IP CONNECT PRICING CONCERNS**

The Competition Commission and Telkom have reached an agreement on substantial reduction of wholesale broadband access costs in order to remove excessive pricing concerns in respect of IP Connect raised in the Data Services Market Inquiry Report published in December last year.

This agreement follows the findings and recommendations of the Market Inquiry published in December last year. The report urged the company to reach agreement with the Commission on the removal of excessive pricing within two months. One of the findings was that there was a case, at face value, of excessive pricing against Telkom Openserve with regards to IP Connect, a wholesale product used by Internet Service Providers to connect fibre and ADSL clients.

Telkom's wholesale division, Openserve, will introduce a new wholesale product suite to replace IP Connect. The structure and the proposed initial pricing of this new offering from Openserve would reduce wholesale charges to Internet Service Providers (ISP) for fibre broadband wholesale customers and in this way remove the pricing concerns raised in respect of IP Connect.

The new Openserve offering, which is structured as an aggregated end-to-end solution, will allow ISPs to manage their costs and compare the Openserve fixed broadband prices with the prices of other wholesale broadband providers more easily. This, as a result, will enhance competition in the fixed broadband connectivity market.

"The Commission welcomes the effective price reductions for wholesale broadband fibre infrastructure to ISPs, as this should result in lower prices to consumers and even small

businesses which are increasingly reliant on fibre networks to run their businesses,” said Competition Commissioner, Tembinkosi Bonakele.

While Telkom was not cited in the Inquiry report as having high data prices on the mobile front, the Inquiry proposed industry-wide measures to improve transparency to consumers over the effective price per MB. It also recommended the introduction of forms of free or zero-rated data for essential public benefit organisation web content to assist poorer consumers.

Telkom has agreed to improve transparency of pricing in line with the Inquiry recommendations. Telkom will display the cents/MB for all its data only packages and will notify its customers of the in-bundle effective rate per megabyte (cents/MB) in its purchase confirmation messages to subscribers.

Telkom has also agreed to offer zero rated access to essential government services and educational institutions, including the primary URLs of more than 60 universities and TVET institutions. It is also offering free access to other knowledge enhancing sites such as Wikipedia, Everything Science, Everything Maths and DBE Cloud.

Commissioner Bonakele also welcomed the commitment of Telkom to zero-rating essential educational and government services websites, as well as increased transparency in pricing. “Poor consumers especially will benefit from the zero-rated initiatives and displaying the cents/MB prominently will help consumers make informed decisions over what bundle offers the best value,” he said.

**[ENDS]**

**Issued by:**

Sipho Ngwema, Head of Communication

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 081 253 8889

Email: [SiphoN@compcom.co.za](mailto:SiphoN@compcom.co.za)

Find us on the following social media platforms:

Twitter: @CompComSA

Instagram: Competition Commission SA

Facebook, LinkedIn and YouTube: The Competition Commission South Africa

