

Presentation of the Competition Commission

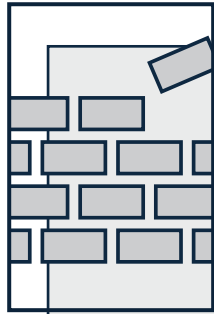
Expiration of Data

30 September 2026

Who we are

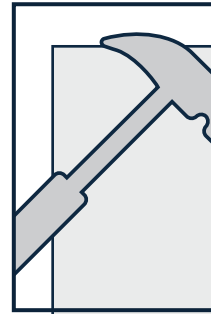
The Competition Commission is Established in terms of the Competition Act, 89 of 1998. The Competition Commission is one of three statutory bodies constituted in terms of the Competition Act, No 89 of 1998, as amended. The Commission investigates complaints, assesses mergers, evaluates exemption applications, undertakes market inquiries and advocacy, in order to achieve equity and efficiency in the South African economy.

Our Core Toolbox is illustrated as follows:



Enforcement

- Prosecution of anti-competitive behaviour
- Cartels
- Abuse of dominance
- Other prohibited conduct
- Exemption Applications



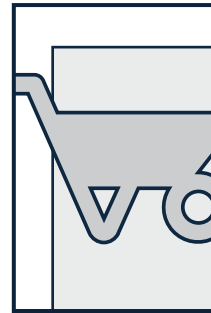
Mergers & Acquisitions

- Prevent concentration through control
- Review of Merger applications
- Approvals, Approvals with conditions, Prohibitions



Market Inquiries

- General probe into state of competition in a market without investigating a particular firm.



Advocacy

- Advocacy for pro-competitive conduct
- Case/ Sector Advocacy
- Stakeholder Relations (incl. international)
- Policy Reviews

Data expiry and impact of regulation

- All Mobile Network Operators (MNOs) sell prepaid data products with various expiries e.g. 1 hour, 1 day, 7 days, 30 days
 - MNOs take into account not all data is used i.e. for 30-day 1GB bundles, the MNO expects certain percentage will be unused and expire – this is accounted for in the pricing
 - Similarly, the MNO expects a larger share of (for example) 1-day bundles to be unused and therefore expire – this impacts the pricing decision of MNOs
 - The shorter the period of validity, the less useful to the average consumer (lower demand) and thus a lower price is charged by the MNO
- **Benefits to both MNOs and consumers to have various data expiry options available**
 - Allows consumers to decrease costs where some demand is immediate and not long term i.e. some flexibility to limit data costs
 - Enables MNOs to cater to different types of consumers and therefore sell more data and increase revenue
- Enforcing roll-over of data would result in greater usage of bundles (less lost data) - **good** for consumers, but **affects revenue of MNOs**
- MNOs will be incentivised to raise prices or circumvent regulations – **enforcing such conditions through regulation may not ultimately make data more affordable for consumers**
- However, some customers may value products with longer expiry but are currently unable to access it – suggestion may be that MNOs are obligated to provide a double-expiry (60 days) or unlimited rollover version of any data bundle that is offered (e.g. the 1GB bundle)

The real concern is competition

- The discussion around data rollover/expiry is about fairness and value for consumers i.e. **the affordability of data**
- The Data Services Market Inquiry (DSMI) showed that the key driver of higher prices was a **lack of competition**
- As anticipated in the DSMI, the release of spectrum since the DSMI lowered costs for MNOs, but **the lack of competition remains the concern for affordability of data, especially for poor and low-volume consumers**
 - Average prices and costs of mobile data (per GB) across the MNOs has fallen considerably
 - However, prepaid data bundle prices are largely unmoved following the settlement with the Commission following the DSMI that brought some short-term relief to consumers on prepaid data bundles
 - Recent reductions in average pricing have **benefitted the rich** by enabling the MNOs to drive Fixed Wireless Access (“FWA”) contract products and large-volume voice&data contracts that limit loss of MNO revenues to FTTX based products
 - FWA at less than 1c per GB; Prepaid 1GB 30-day at R85 per GB.
 - Prepaid bundles 100 times more expensive
 - The poor’s lack of access to fibre & Wi-Fi at workplace means they still suffer the consequences of a lack of competition between MNOs
 - MNOs profit off the poor even more than before the DSMI

Legislative change required

- More effective and fairer competition between MNOs will address the affordability concern
- As per the DSMI recommendations, the solution is to amend the Electronic Communications Act
 - Electronic Communications Amendment Bill accepted by cabinet - now with Portfolio Committee for Communication and Digital Technologies
 - Joint product of DCDT, DTIC, Competition Commission, ICASA, CogtA
- The Bill contains a number of changes for **competition and affordability**
 - Cost-orientated wholesale pricing for access to facilities and roaming – punitive roaming agreements reduce the ability and incentive of challenger MNOs to compete with the larger, established players
 - Support for more affordable wholesale access for MVNOs to enable true competition
 - Provision for the reassignment of unused spectrum in particular geographies for community networks and SMMEs (“use it or share it”)
 - Improved market inquiries section to allow ICASA to intervene more effectively and efficiently where there are competition concerns
 - Rapid deployment provisions to ensure expansion of access

Thank you