

ANNEXURE B1



competition commission
south africa

REGISTRATION FORM FOR WRITTEN SUBMISSION

Form DSI1

About this form

This is a registration form issued pursuant to the Data Services Market Inquiry Guidelines for Participation.

The form is to be completed by parties making written submissions.

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Details of person making submission

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Required Details

Does your submission contain any confidential information? If yes, please also file **Form CC7**

Yes ☐ No ☒

Do you require interpretation services?

Yes ☐ No ☒

If yes, please indicate language: _____

Main focus of submission:

Summary of the issues (*a reference to an attachment is adequate*):

Please refer to the attached submission.

Signature



Date

31 October 2017

Attention: The Competition Commission of South Africa**Dear Sir/Madam,****31 October 2017****RE: Data services market inquiry – the high cost of mobile data in South Africa**

The DG Murray Trust is a South African grant-making foundation committed to developing the potential of people in South Africa (www.dgmt.co.za). One area of focus is 'Connection to Opportunity' and we have become aware of the extent to which the high cost of mobile communication stifles opportunities for national development. In particular, we are concerned that mobile applications and value-added services that link children and young people to valuable developmental and support resources, content and applications are not able to be used effectively, because they cannot pay for the connection.

While calls that the prices of mobile data should fall gain momentum and ICASA and the Competition Commission promise to investigate the high price of mobile data, current efforts to close the digital divide are likely to fail. Several important aspects of the high cost of data are not receiving adequate attention:

Even if the cost of 1GB of prepaid data (currently ±R150/GB on most networks) is divided by three and reduced to R50/1GB, this remains entirely unaffordable to the majority of South Africans. 30.4 million South Africans/55.3% of the total population live in poverty, surviving on less than R992/month (StatsSA, 22 Aug 2017). 55% of South Africans currently would have to spend up to 15% of their income to buy a very modest 1GB of mobile data. The actual cost is much higher. More than one Mobile Network has, in recent months, aggressively been marketing a 30MB bundle for R12, a price point that those living in poverty could possibly afford. Yet, this equates to R400/GB of data or over 40% of the monthly income of 30.4 million South Africans. A best-case scenario for reduction in data prices (R50/GB - <https://mybroadband.co.za/news/cellular/234760-mobile-data-could-be-r50-per-gb-mtn.html>) would still require individuals to spend an unaffordable 5% of their income on mobile data alone, provided they can afford to buy larger bundles of data. Until mobile data prices fall to below R15/GB – regardless of the amount of data that is bought at a time – mobile data will remain unaffordable to the majority of South Africans, national development will remain hamstrung and the digital divide is unlikely to be closed.

Current market forces are also to the detriment of South Africa's most destitute 30.4 million individuals. Mobile data is cheaper for wealthier South Africans, with the majority of South Africans living under the poverty line, being charged more for their data.

It would appear that Mobile Networks take advantage of poorer South Africans by charging them disproportionately high rates:

1. Wealthier individuals that qualify for post-paid contracts pay approximately half the cost of prepaid users for 1GB of mobile data and receive even greater discounts when purchasing more data.
2. Poorer individuals, who pay R12/30MB (equal to R400/GB) often pay 10-30 times more for their data than wealthier individuals that, for example, can afford to buy 100GB of data (valid for 1 year) at a time for R15/GB.
3. South Africans living in poverty are more likely to run out of data and be exposed to excessive out-of-bundle data rates. Notification of when users are out of data tends to be erratic and unreliable. Mobile data operators promote certain data bundles that expire within a few days, making it more likely that users will end up using very expensive out-of-bundle data without their knowledge. Data should also be rolled over for at least 3 months to allow for changing usage patterns.
4. While mobile operators try to appear to reduce data prices through special offers, these offers are often complicated, difficult to understand and redeem, designed as to not be easily comparable to other offers, are often temporary in nature and require extensive effort on the part of the user. Prepaid mobile offerings can be highly confusing, even to the most astute users.

While government spends tens of billions of Rand to install an ever-expanding fixed data network to provide South Africans with internet access at clinics, schools and other selected nodes, the majority of South Africans will not be able to afford to access the internet in the safety and comfort of their own homes for decades to come, and thus not be able to use critical information and use critical tools that could help to uplift a new generation.

Zero-rating mobile data costs associated with accessing information, apps and tools provided by Public Benefit Organisations is a cost-effective way to provide those 30.4million South Africans with essential mobile data access.

The DG Murray Trust would like to propose the following steps are taken:

- Access to websites and applications of registered Public Benefit Organisations be zero rated and accessible at no cost to the user on Mobile Networks. This stipulation should be included in the Universal Service and Access Obligations (USAO) that all Mobile Networks have to comply with.
- Urgently align prepaid data prices to post-paid mobile data prices

- Urgently ensure the equivalent cost per GB of data is aligned, no matter the size of the data package bought. For example:

Data package	Cost	Cost/GB
5GB	R300	R60
1GB	R60	R60
100MB	R6	R60
50MB	R3	R60

- Urgently require all data bundles to have a minimum expiry of no less than 3 months
- Ensure users are comprehensively notified when 50%, 75% and 90% of their data is used
- Require that out of bundle rates are at a maximum of 200% of bundled rates
- Introduce a 5-year plan whereby mobile data prices will be reduced to R15/GB (equivalent to some of the best 2017 data offers), independent of the quantity of data that is purchased at a time or whether prepaid or post-paid:

Data package	Cost	Cost/GB
5GB	R75	R15
1GB	R15	R15
100MB	R1.50	R15
50MB	R0.75	R15

In the first year – by close of 2018 - mobile data prices should be reduced to R50/GB, no matter the size of the data package bought

- Require that prepaid mobile data offerings and data bundles are consistent, clear, easy to understand and comparable between mobile networks

As government continues its investigations into the high cost of mobile data, networks complain of not enough available spectrum to allow them to reduce the cost of mobile data and fixed data networks continue to have limited reach, the majority of South African will continue to be unable to afford even basic access to online information, tools and applications that could help their upliftment, and socio-economic and national development will be remain hamstrung.

A simple, but significant initial step to address the current high costs of mobile data is to **zero rate mobile data costs associated with accessing information, apps and tools provided by Public Benefit Organisations.**

Zero-rating is easy to implement, cost-effective, aligns with the expertise of mobile networks, can be written off against their socio-economic spend requirements and is a cost-effective way to provide those 30.4million South Africans, currently living under the poverty line, with essential mobile data access.

Thank you for considering our submission.

Best Regards,



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