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COMPETITION ALERT

IN THIS ISSUE >

A new dawn in the data services market - The Competition Commission reaches a settlement agreement with Vodacom on data prices

In an economy that is becoming increasingly digitised by the day, the settlement agreement between the Competition Commission (Commission) and Vodacom signed on 10 March 2020 will create significant benefits to consumers.

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A new dawn in the data services market - The Competition Commission reaches a settlement agreement with Vodacom on data prices

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In December 2019, the Commission published its final findings and recommendations in the Data Market inquiry (final report), including the recommendation that mobile operators independently reach voluntary settlement agreements with the Commission in respect of the issues raised in the final report.

Following the recommendations made in the final report, the Commission engaged in settlement negotiations with Vodacom in an attempt to find common ground on the concerns raised therein.

As a result of the settlement negotiations, it was agreed that:

1. Vodacom will reduce monthly data bundles across the board by over 30% from 1 April 2020, and there will be a further reduction in April 2021 which will cumulatively result in a total reduction of about 40%. By way of example, there will be a reduction in the price of 1GB monthly data bundle, otherwise known as the headline bundle, from R149 to no more than R99 per gigabyte. This represents a 34% reduction in price.
2. Vodacom will consolidate and make available all of its current zero-rated services on a single platform (ConnectU), except for zero-rated Government websites. With an increased focus on customers in poorer communities, ConnectU will address seven key areas: Education; an Internet Search Function powered by Wikipedia; Jobs by allowing customers to view and apply for employment opportunities advertised on seven zero-rated job portals; Social and essential internet access such as free access to Facebook Flex and News headlines; Health and Wellness; and Safety and Security.
3. Personalised data discounts will be extended to prepaid customers in suburbs and villages where most of the population have income levels below the upper bound food poverty line.

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A new dawn in the data services market - The Competition Commission reaches a settlement agreement with Vodacom on data prices...continued

It is anticipated that the implementation of the settlement agreement will go a long way in promoting digital inclusivity and economic development.

4. Two free daily SMS's will be extended to prepaid customers who had at least one revenue generating activity in the preceding 30-day period, these SMS's will be accessible through the ConnectU platform.
5. Vodacom will improve consumer awareness of personalised price promotions by providing information on the savings that consumers can make from taking up promotional offers; displaying the cents per megabyte for all data bundles offered on relevant channels; and enabling prepaid consumers to access detailed information on their historic purchases and their data usage.

It is anticipated that the implementation of the settlement agreement will go a long way in promoting digital inclusivity and economic development.

There is promise of further developments in the Commission's intervention in the Data Services Market as the Commission has confirmed that it is engaged in ongoing settlement negotiations with other participants in the Data Services Market such as MTN.

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