# THE NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY

**QUESTION NO. 2850**

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**Mrs Y N Yako (EFF) to ask the Minister of Trade, Industry and Competition:**

What are the details of support that his department has provided to the Competition Commission on any of its recommendations regarding (a) price fixing and (b) data prices since 1 April 2015? [NW3370E]

# REPLY:

Price-fixing is a statutory offence under the Competition Act (part of cartel-behaviour by firms who collude). The Competition Commission therefore does not make recommendations in this respect to the Executive but instead the Commission prosecutes firms where there is evidence of price-fixing. During the review of the Competition Act in 2017, the Ministry identified measures to strengthen the penalties applicable to cartel behavior (including price-fixing) by firms in the SA economy. This has subsequently been incorporated into law by Parliament.

In respect of data prices, the Minister requested the Competition Commission in 2017 to undertake a market inquiry into data prices charged by mobile operators. The results of the market inquiry were publicly released by the Commission and the Ministry. Based on the outcome of the market inquiry, three mobile networks reached settlement agreements with the Commission or changed their prices on data for consumers.

The Commission has provided me with information that shows that prices have reduced substantially over 2 price changes – the first in April 2020 and the second in April 2021. Vodacom and MTN implemented deep price reductions ranging from 13% to 50%. The price reductions are a combination of direct price reductions on certain bundle sizes (see details below), increases in bundle sizes on certain price points (e.g. Vodacom increased the bundle size at R12 from 39MB to 50MB) or a complete replacement of bundles (e.g. Vodacom replaced the 300MB priced at R63 with 325MB priced at R55.

Vodacom prices of the monthly 1G data bundle reduced from R149 per month (original price) to R99/ month (April 2020) and then to R85 per month (April 2021) reflecting a - 43% reduction in prices overall.

MTN prices of the monthly 1G data bundle reduced from R149 per month (original price) to R99/ month (April 2020) and then to R85 per month (April 2021) reflecting a -43% reduction in prices overall.

The zero rating of websites is another major area of impact. Before the consent agreement was reached less than 100 websites were zero rated. This grew to 2 261 websites post the intervention. This growth was further substantially spurred by the DCDT gazzetting directions for the zero-rating of websites for education and health on 5 June 2020.

The number of users of newly zero-rated websites increased 22% over the last year from 3 266 895 In April 2020 to 10 744 224 in April 2021.

I am advised that the interventions saved consumers approximately R2.1 billion (annualized at R1.97 billion) for the first 13 months from April 2020.

To enable the Commission to undertake its work on areas such as data prices, the Ministry supports the budget requests of the Commission.

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