



Media Statement
For immediate release
20 September 2017

COMMISSION DATA SERVICES MARKET INQUIRY CALLS FOR SUBMISSIONS

Last month the Commission initiated a market inquiry into data services and the terms of reference (“ToR”) were published in the Government Gazette (No. 41054) on 18 August 2017.

It was indicated at the time that the publication of the ToR officially triggered a process for the inquiry into the sector to begin in earnest and a call for submissions would be made after 20 business days. Thus, from today the Commission officially invites all stakeholders who wish to participate in this Market Inquiry to make formal submissions. The Call for Submissions document is attached and available on the Commission’s website (www.compcom.co.za).

The closing date for submissions is 1 November 2017.

Stakeholders include all consumers, companies, organisations and other bodies that have an interest in data and telecommunications markets, including those directly involved in these markets and those that are affected by such markets more broadly.

All the submissions must be accompanied by a signed (DSI1) form which is available at the offices of the Commission and on its website. Submissions should be in accordance with the requirements set out in the Data Services Market Inquiry Guidelines for Stakeholder Participation which are attached and available on the Commission’s website (www.compcom.co.za).

The submissions should not be limited to the specific issues identified in the ToR and may be extended to other issues which may be relevant to the Inquiry and which may impact the data prices faced by businesses, government and consumers in South Africa.

BACKGROUND

The Commission has initiated the inquiry because it believes there are features in this market that prevent, distort or restrict competition within the sector. Through the inquiry, the Commission aims to determine what may cause or lead to high data prices with a view to ultimately making recommendations that will result in lower prices for data services.

The inquiry has been initiated in response to a request by Economic Development Minister, Mr Ebrahim Patel, who also has expressed concerns over high data costs and highlighted the importance of data affordability.

As per the ToR, the main objectives of the inquiry are to:

- Obtain a clear understanding of the data services value chain, including the interaction and commercial relationship between different levels of the value chain and the relationship with other parts of the ICT sector and the broader economy;
- Assess the state of competition in the market at every stage of the value chain for provision of data services in order to identify areas of market power where customers or consumers may be exploited or excluded by firms and to identify any other structural, behavioural or regulatory factors that may influence competition or pricing;
- Benchmark South African data services pricing against those of other countries; and
- Establish whether data supply quality and coverage is adequate by international standards and the country's developmental needs.

As per the ToR, with respect to the state of competition in the market, the inquiry will assess the following, among others:

- Market structure;
- The general adequacy and impact of the current regulatory regime;
- Strategic behaviour by large fixed and mobile incumbents;
- Costs faced and profits earned by fixed and mobile network operators;
- Current arrangements for sharing of network infrastructure;
- Investment in infrastructure by operators and access to / allocation of spectrum as they relate to data services price and competition concerns; and
- The adequacy of regulation to promote new South African entrants (particularly historically disadvantaged individuals).

The inquiry is due for completion by 31 August 2018 and the Commission will then release its findings and recommendations. The ToR, as published in the Government Gazette, are attached and further information can also be accessed on the Commission's website (www.compcom.co.za).

[ENDS]

Issued by:

Sipho Ngwema, Head of Communications

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 078 048 1213 / 081 253 8889

Email: SiphoN@compcom.co.za

Find us on the following social media platforms:

Twitter:	@CompComSA
Instagram:	Competition Commission SA
Sound Cloud:	Competition CompComSA
Facebook, LinkedIn and YouTube:	The Competition Commission South Africa