

Presentation to the
**Public Hearings for Data
Services Market Inquiry**

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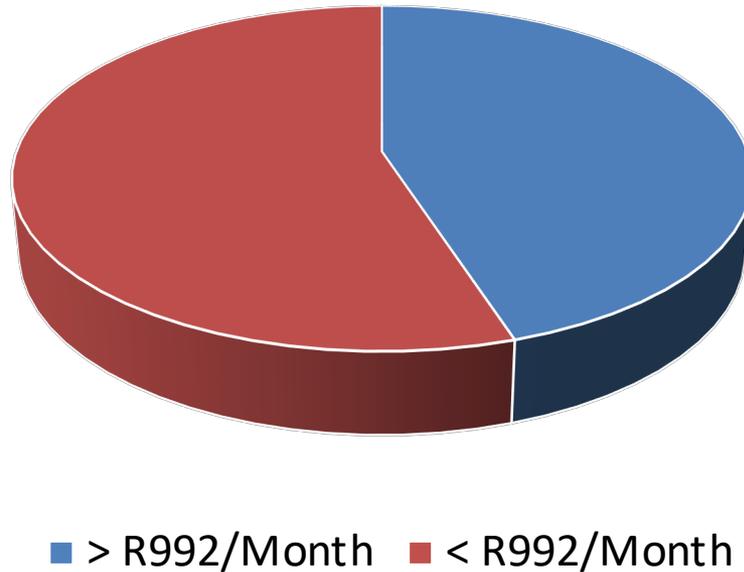
17 October 2018

Outline

- ✓ 1. Introduction to The DG Murray Trust
2. Structural barriers continue to choke national development
3. Mobile technology provides an opportunity to leapfrog some of structural barriers
4. Opportunity has been lost over the past decade as universal service & SED obligations have not been optimally used
5. Recommendations

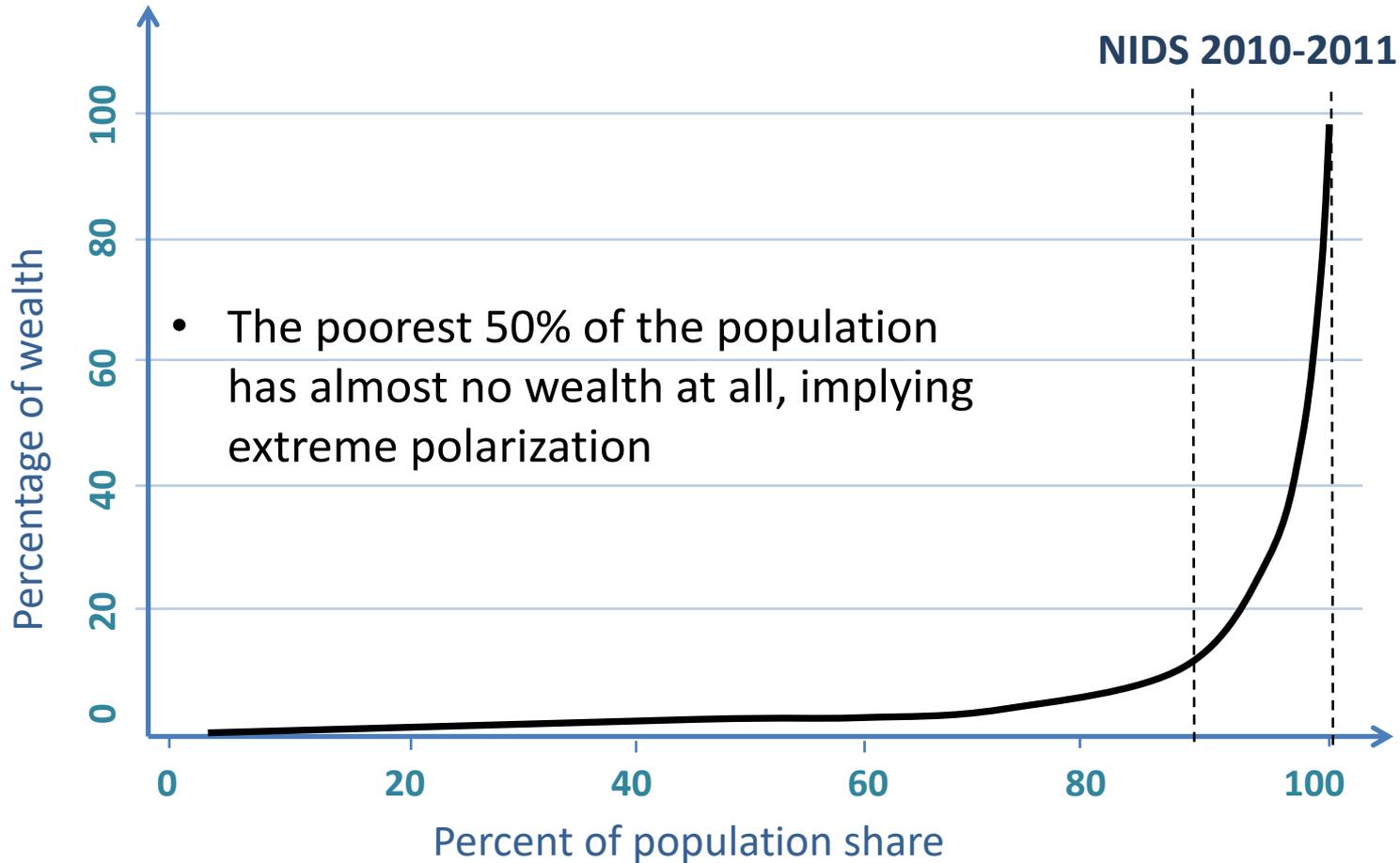
Structural barriers continue to choke national development

In 2015, 55% of South Africans lived below the poverty line



Source: Statistics South Africa. Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2015. <https://www.statssa.gov.za/publications/Report-03-10-06/Report-03-10-062015.pdf>

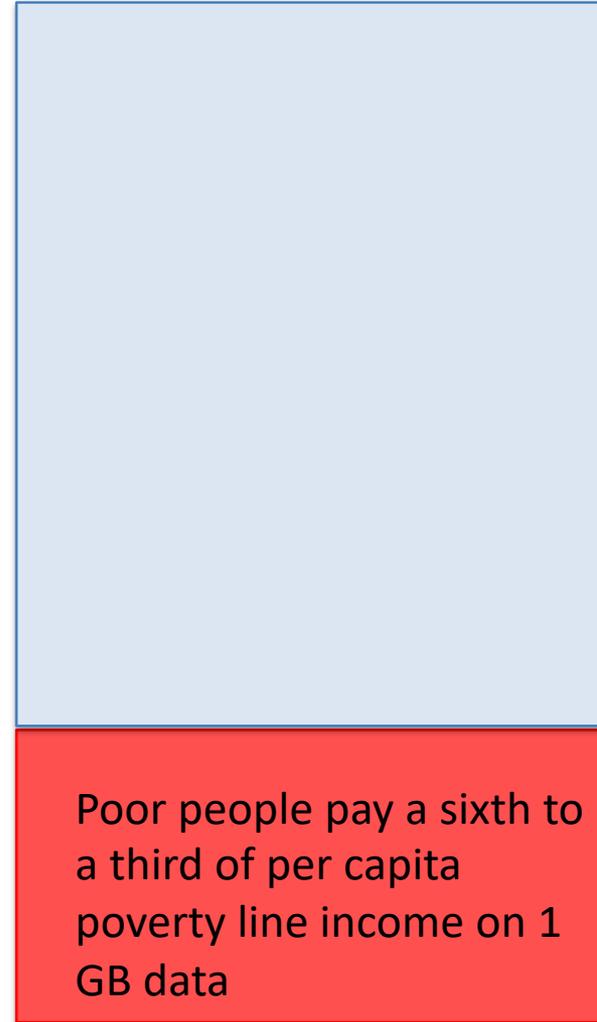
The top 10% owns 90-95% of wealth in SA



Source: Orthofer A, 2016. Wealth inequality – striking new insights from tax data. Econ3x3.

<http://www.econ3x3.org/sites/default/files/articles/Orthofer%202016%20Wealth%20distribution%20and%20tax%20data%20FINAL.pdf>

Even halving data prices won't facilitate real market participation by the poorest 50% of the population



Poorer consumers get the rawest deal, paying 10 – 30 times more for their data

1. Pre-paid bundles cost about twice as much per GB as post-paid contracts.
2. Smaller bundles cost much more (eg. R12 per 30MB = R400 per GB c.f. R16 per GB for people who can afford to buy 100GB data)
3. Poorer South Africans are more likely to run out of data and be exposed to excessive out-of-bundle data rates.
4. Data offerings and communication is hugely confusing for semi-literate people

Contents

✓
1. Introduction to The DG Murray Trust

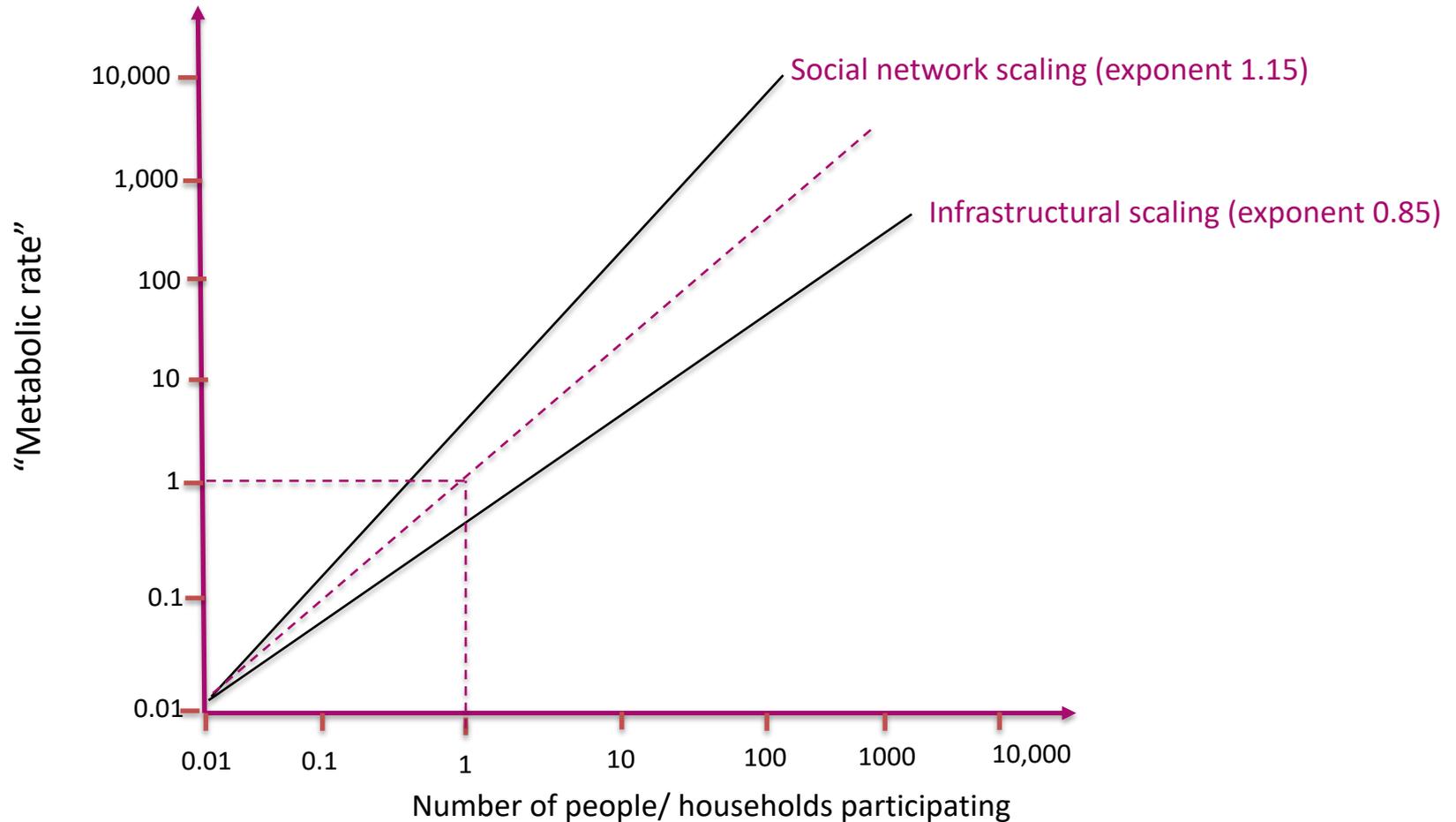
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2. Structural barriers continue to choke national development

3. Mobile technology provides an opportunity to leapfrog some of structural barriers

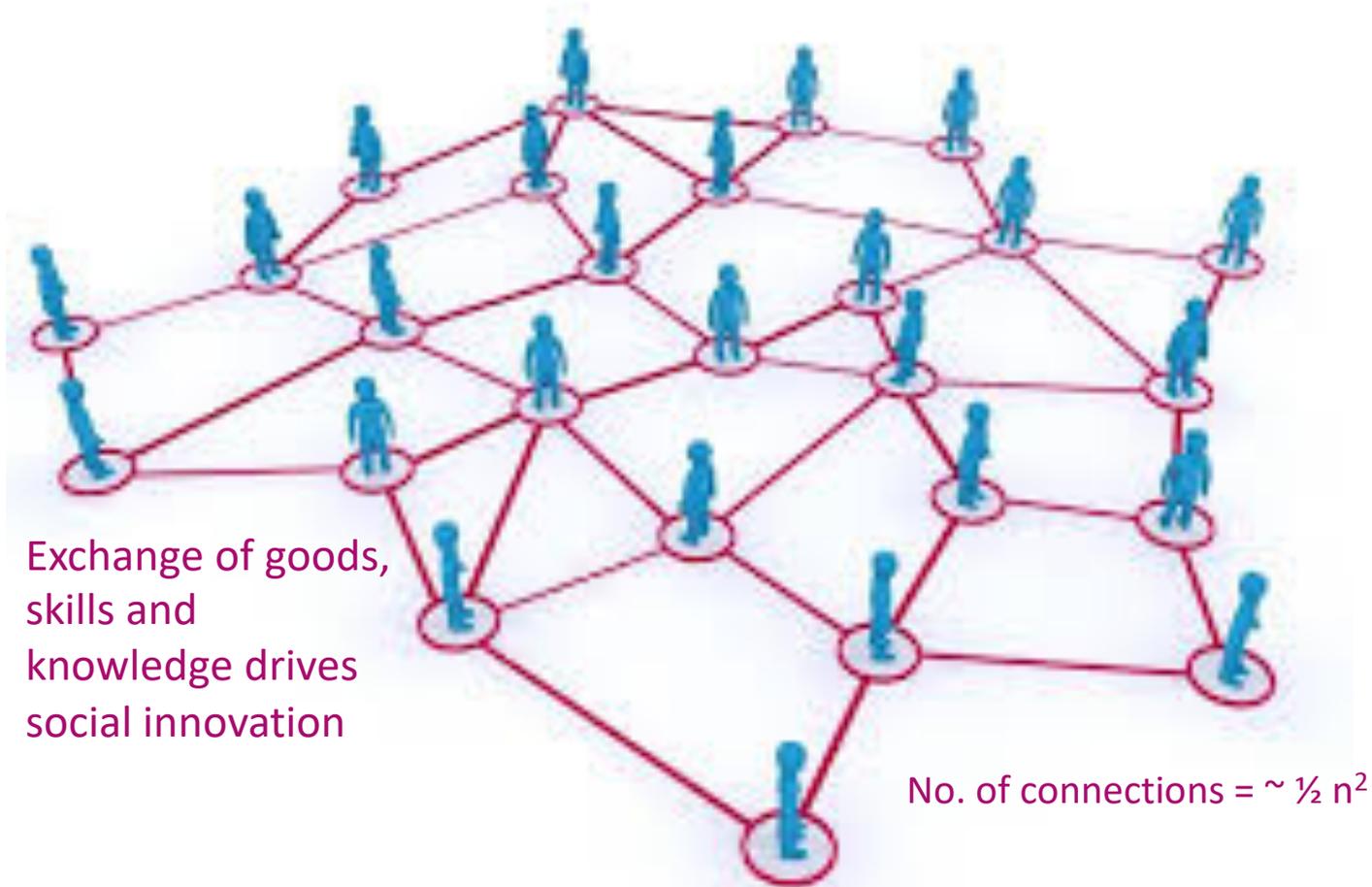
4. Opportunity has been lost over the past decade as universal service & SED obligations have not been optimally used

5. Recommendations

Social networks scale superlinearly



Each time a social network doubles in size,
the number of connections increases ~ 4 fold



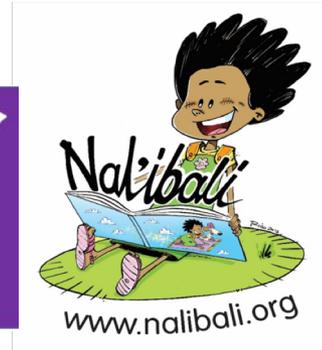
Mobile technology should be the virtual bridge, but it is not

Demand for data-rich services constrained

High demand for data-light services

Information and communication for

- Parents
- ECD practitioners
- Teachers
- Nurses
- Social workers
- Job seekers
- Etc.



Public benefit organisations



Government services



Contents

✓ 1. Introduction to The DG Murray Trust

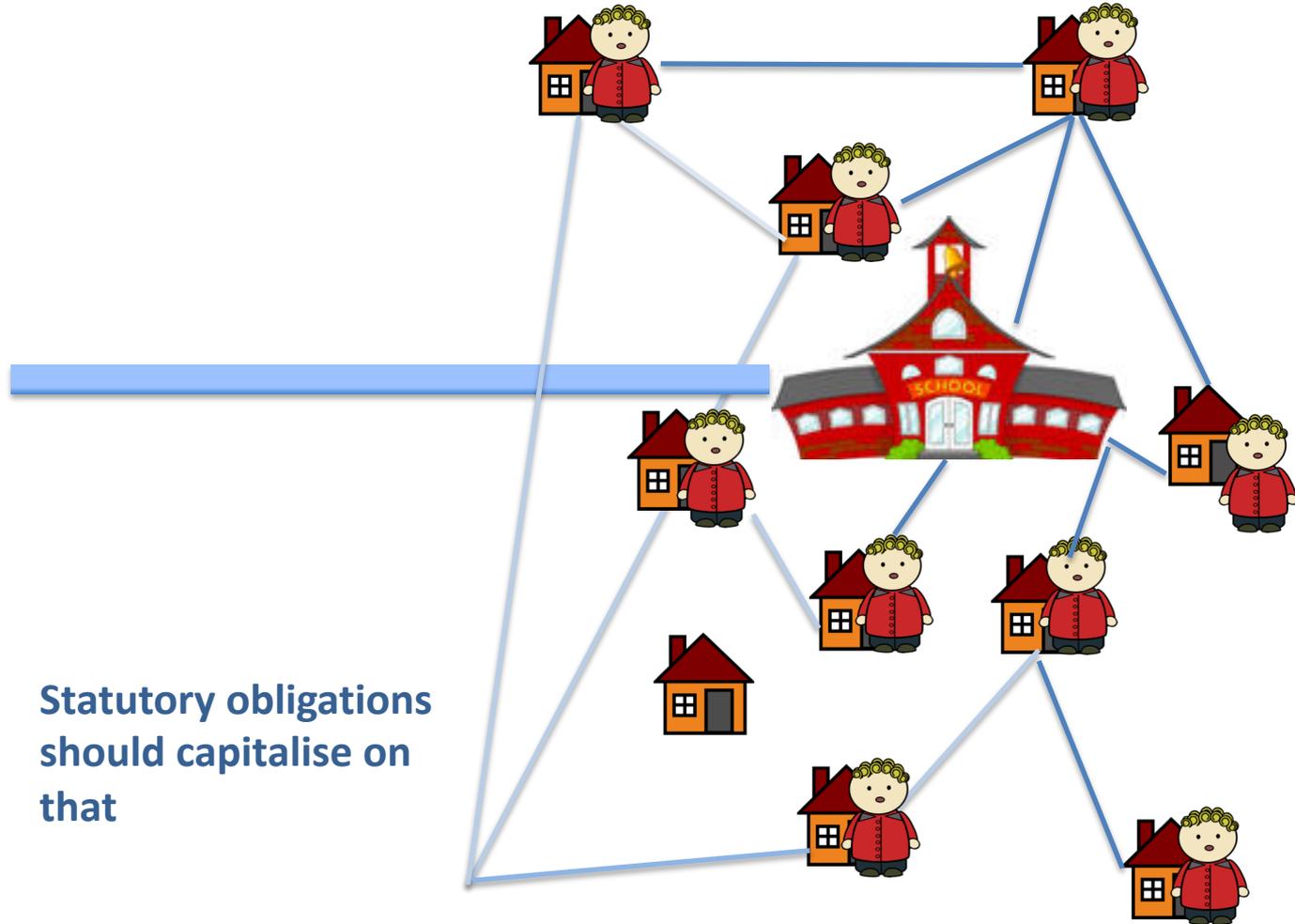
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The unique advantage of mobiles is their presence in the home



Statutory obligations
should capitalise on
that

Contents

- ✓ 1. Introduction to The DG Murray Trust
- ✓ 2. Structural barriers continue to choke national development
- ✓ 3. Mobile technology provides an opportunity to leapfrog some of structural barriers
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5. Recommendations

Start to implement specific, pro-poor strategies to expand access to digital information.

We fully endorse the call to reduce the general cost of data in South Africa.

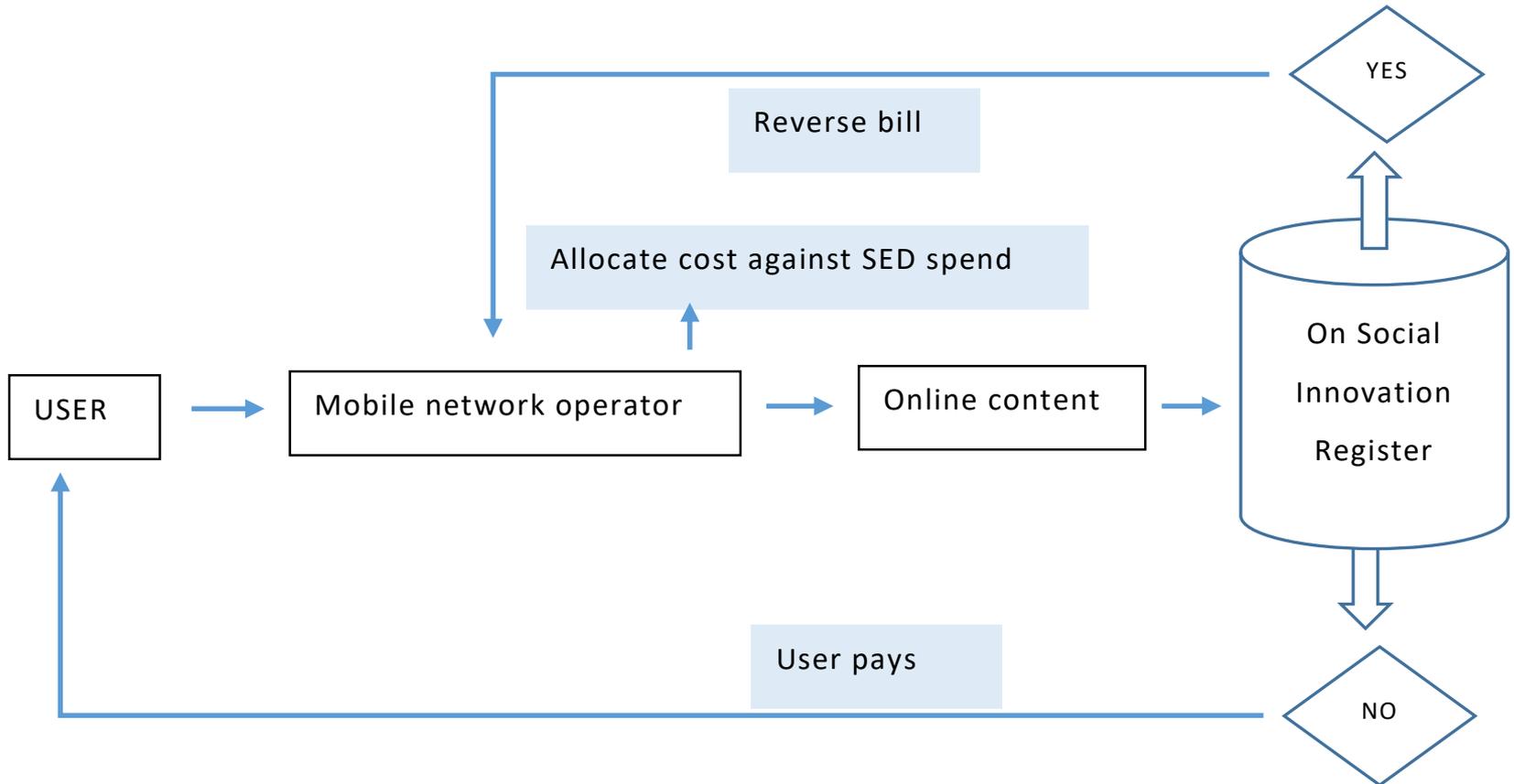
But it is not enough.

Recommendations

1. **Zero-rate mobile data costs for services provided by PBOs and government**
2. **Address specific pricing strategies to stop poorer consumers being disadvantaged**
3. **Government should provide a full account of the real costs and benefits of universal service and socio-economic development obligations imposed on network operators**

1. Zero-rate mobile data costs for services provided by PBOs and government

Proposed structure of zero-rated mobile services for PBOs and government



2. Address specific pricing strategies to stop poorer consumers being disadvantaged

1. **Make the unit price of pre-paid and contract data the same**
2. **Ensure the same unit price for all bundles, regardless of size.** Suppliers would still compete on unit prices, or bundle configurations not determined by bundle size.
3. Data should also be **rolled over for at least 3 months** to allow for changing usage patterns – no minimum roll over period is currently specified by ICASA.
4. **Ensure effective implementation** of current requirements that users are notified when 50%, 80% and 100% of their data is used.
5. **Require that prepaid mobile data offerings and data bundles are consistent, clear, easy to understand and comparable between mobile networks**

Government should provide a full account of the real costs and benefits of universal service and socio-economic development obligations imposed on network operators

- In the interests of both accountability and improvement, Government should make available a review of the benefits and financial costs of the implementation of mobile network operator universal service (USO) and socio-economic development (SED) obligations.
- This should serve as the basis for optimizing the use of these funds in future.

DG
MT

Thank you