



## **Independent Communications Authority of South Africa**

An analysis of standard prepaid retail voice and data tariffs  
notified to ICASA<sup>1</sup> for the period 01 April 2015 to 29 February  
2016

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<sup>1</sup> In terms of regulation 9(1)(b) of the Standard Terms and Conditions Regulations, Government Gazette No. 33294, licensees are required to notify ICASA on their standard tariff plans.

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## **Executive Summary**

There were no changes in standard tariffs for standard prepaid voice and data filed by licensees during the period under review (i.e. 1 October 2015 to 29 February 2016) in comparison to tariffs paid by consumers during the previous review period (i.e. 01 April 2015 to 30 September 2015).<sup>2</sup>

### **1. Introduction**

In terms of the Standard Terms and Conditions Regulations of 2010, mobile operators are required to file tariffs with the Independent Communications Authority of South Africa ("ICASA"). The analysis contained in this report is therefore solely based on filed standard prepaid tariffs that were available in the market for the period 1 October 2015 to 29 February 2016.

Following the report published on 09 December 2015, the purpose of this report is to provide an update on tariffs that were charged by the different licensees for the period 01 October 2015 to 29 February 2016.

The analysis excludes promotions which were offered to prepaid subscribers during the period under review due to the following reasons:

- a) ICASA does not have adequate information on, amongst others, the extent of usage or take up of these promotions and bundles.
- b) As promotions and bundles tend to be short-term in nature, some of them were not applicable for the entire six months period under review.
- c) There are challenges relating to quantifying customer benefits relating to use of promotions as subscribers may use multiple promotions and bundles, partially use bundled services and also choose not use bundled services, etc.

ICASA however appreciates that subscribers who signed up and used a variety of the promotional tariffs would have derived some sort of benefit and or experienced a reduction in standard tariffs. However, ICASA is not in a position to objectively assess the extent of the impact of the promotions on standard tariffs as experienced by consumers.

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<sup>2</sup> This does not consider potential impact of promotions on tariffs paid by consumers.

## 2. Prepaid Voice Tariffs

There were mainly three types of prepaid tariff plans that were on offer in the market:

- a) Flat-rate tariffs that charge the same retail rate for calls to any subscriber;
- b) On-net focused tariffs that give subscribers substantial benefits for calling other subscribers on the same network; and
- c) Dynamic tariffs that offer lower retail prices depending on the time of day and location.

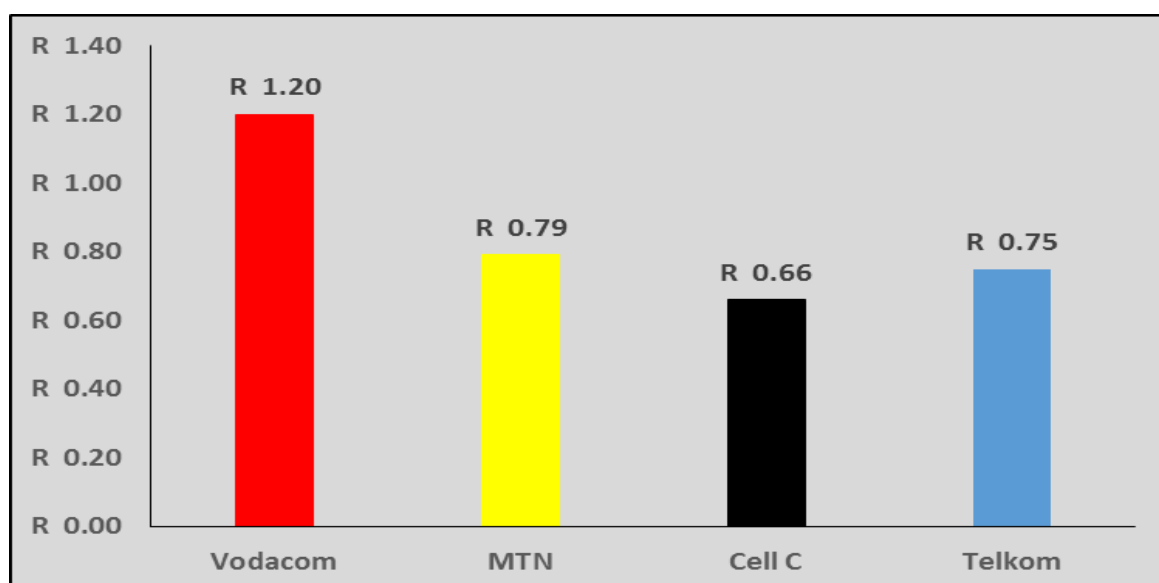
Each type of tariff is analysed in turn below:

### 2.1. Flat-rate tariffs

All flat-rate tariffs are charged on a per second basis, meaning that subscribers only pay for the duration of the call.

Figure 1 shows a comparison of the cheapest per minute (billed per second) tariff:

*Figure 1: Per minute retail tariffs per network operator<sup>3</sup>*



Source: ICASA database based on tariff notifications

<sup>3</sup> Vodacom Anytime Per Second, MTN Pay Per Second, Cell C 66c on Prepaid, Telkom SIM SONKE

Table 1 below shows how much a subscriber paid based on the network chosen and the duration of a call.

*Table 1: The price of a call over time: per second tariffs*

	<b>Vodacom</b>	<b>MTN</b>	<b>Cell C</b>	<b>Telkom</b>
<b>Tariff plan</b>	<b>Anytime Per Second</b>	<b>Pay Per Second</b>	<b>66c on Prepaid</b>	<b>Sim Sonke</b>
Per minute fee	R 1.20	R 0.79	R 0.66	R 0.75
Length of a call (minutes)				
0.5	R 0.60	R 0.40	R 0.33	R 0.38
1	R 1.20	R 0.79	R 0.66	R 0.75
1.5	R 1.80	R 1.19	R 0.99	R 1.13
2	R 2.40	R 1.58	R 1.32	R 1.50
2.5	R 3.00	R 1.98	R 1.65	R 1.88
3	R 3.60	R 2.37	R 1.98	R 2.25
3.5	R 4.20	R 2.77	R 2.31	R 2.63
4	R 4.80	R 3.16	R 2.64	R 3.00
4.5	R 5.40	R 3.56	R 2.97	R 3.38
5	R 6.00	R 3.95	R 3.30	R 3.75

*Source: ICASA database based on tariff notifications*

## 2.2. On-net focused tariffs

Vodacom and MTN offered on-net focused tariffs. Vodacom offered the Daily Free Calls plan whilst MTN offered the Talk Free plan.

Table 2 below shows how much each network charges:

*Table 2: On-net focussed tariff plans: Vodacom & MTN*

<b>Tariff plan name</b>	<b>On-net call</b>	<b>Call to another network</b>
Vodacom Daily Free Calls	R1.20	R1.20
MTN Talk Free	R1.20	R0.79

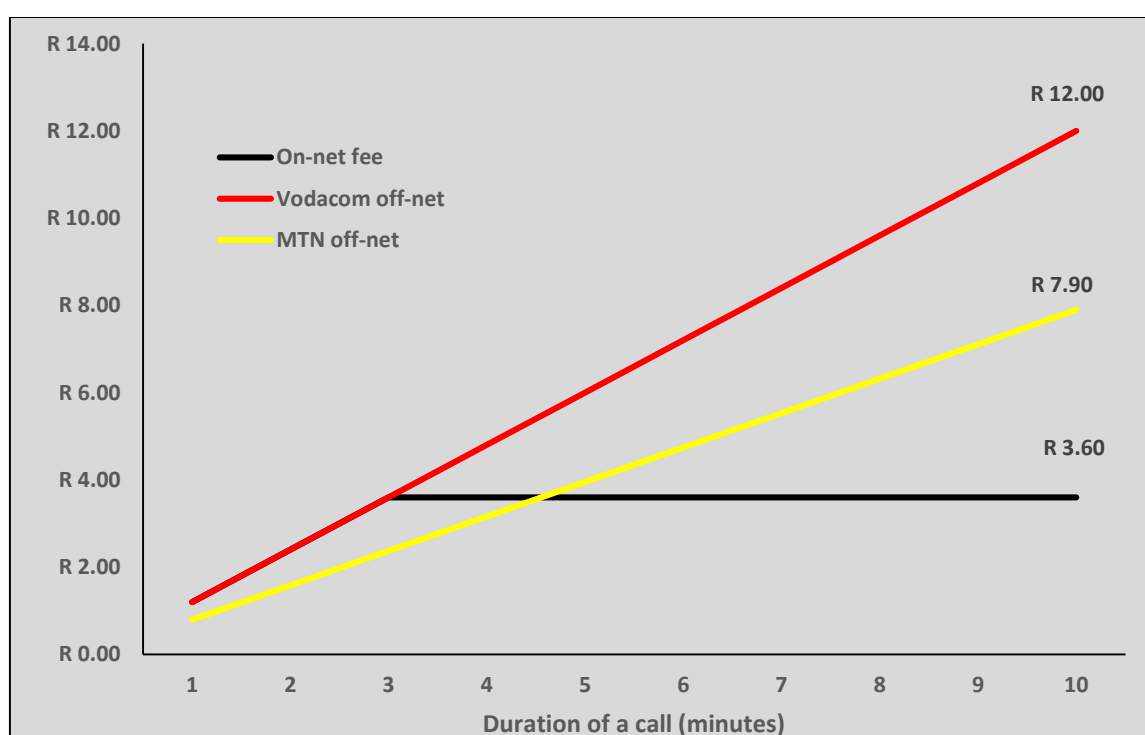
*Source: ICASA database based on tariff notifications*

Table 2 shows that both Vodacom and MTN charged the same rate of R1.20 per minute for on-net calls. Furthermore, for an on-net call with a duration of at least 3 minutes and not longer than 60 minutes, both networks capped the total charge for a call at R3.60, meaning that a subscriber received a benefit of 57 free minutes when making an on-net call.

With regard to off-net calls, table 2 shows that MTN’s Talk Free package charged a rate of R0.79 per minute and Vodacom charged a rate of R1.20 per minute. MTN Talk Free subscribers paid on average more for on-net calls on a per minute basis compared to off-net calls where the duration of the call was less than 4 minutes. This means that on-net calls only became cheaper than off-net calls for calls with a duration of 5 minutes or longer.

Figure 2 below shows the impact of the different tariffs on the price a subscriber paid for a call:

*Figure 2: Vodacom Daily Free Calls versus MTN Talk Free*

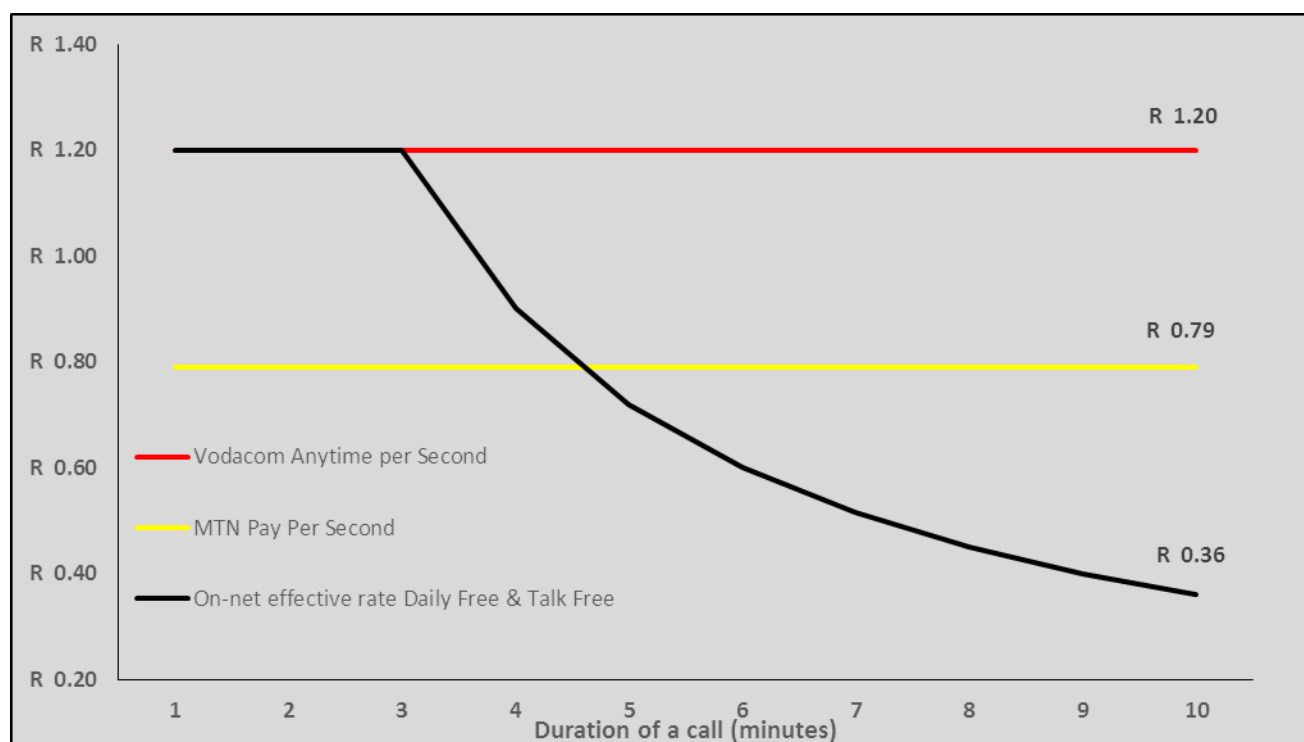


*Source: ICASA database based on tariff notifications*

Figure 2 shows how Vodacom’s Daily Free Calls and MTN’s Talk Free subscribers paid a total fee of R3.60 for an on-net call with a duration in excess of 10 minutes. Additionally, Vodacom’s Daily Free Calls and MTN’s Talk Free subscribers paid a total fee of R12.00 and R7.90 respectively for an off-net call with a duration of 10 minutes.

Figure 3 below illustrates how the average effective price per on-net minute reduced as an on-net call duration increased. Subscribers may have effectively paid as low as R 0.36 per minute for a call lasting ten minutes.

*Figure 3: The effective rate<sup>4</sup> for On-net Vodacom Daily Free calls and MTN Talk Free in comparison with on-net Vodacom Anytime Per Second and MTN Pay Per Second*



Source: ICASA database based on tariff notifications

When compared with the Flat rate tariffs, subscribers may have only benefitted from these tariffs when the following conditions were met:

- Vodacom: the on-net call lasted longer than three minutes when compared with Vodacom Anytime per second.
- MTN: the on-net call lasted longer than five minutes when compared to MTN Pay Per Second minutes.

<sup>4</sup> The effective rate of a tariff is calculated by the following: effective rate = (Price as set by tariff plan)/(duration of a call in minutes).

### 2.3. Dynamic tariffs

Vodacom and MTN offered dynamic retail tariffs. The aim of these types of tariffs is usually to stimulate or channel subscribers to use the networks during periods of low traffic / call volumes in specific geographic locations and at a particular time of the day. The tariffs (before discounts) for these plans are outlined in the table below:

*Table 3: Vodacom and MTN tariffs before discounts for dynamic tariff plans*

<b>Tariff plan name</b>	<b>On-net call</b>	<b>Call to another network</b>
Vodacom 4 Less	R 2.60	R 2.89
MTN Zone	R 2.50	R 2.50

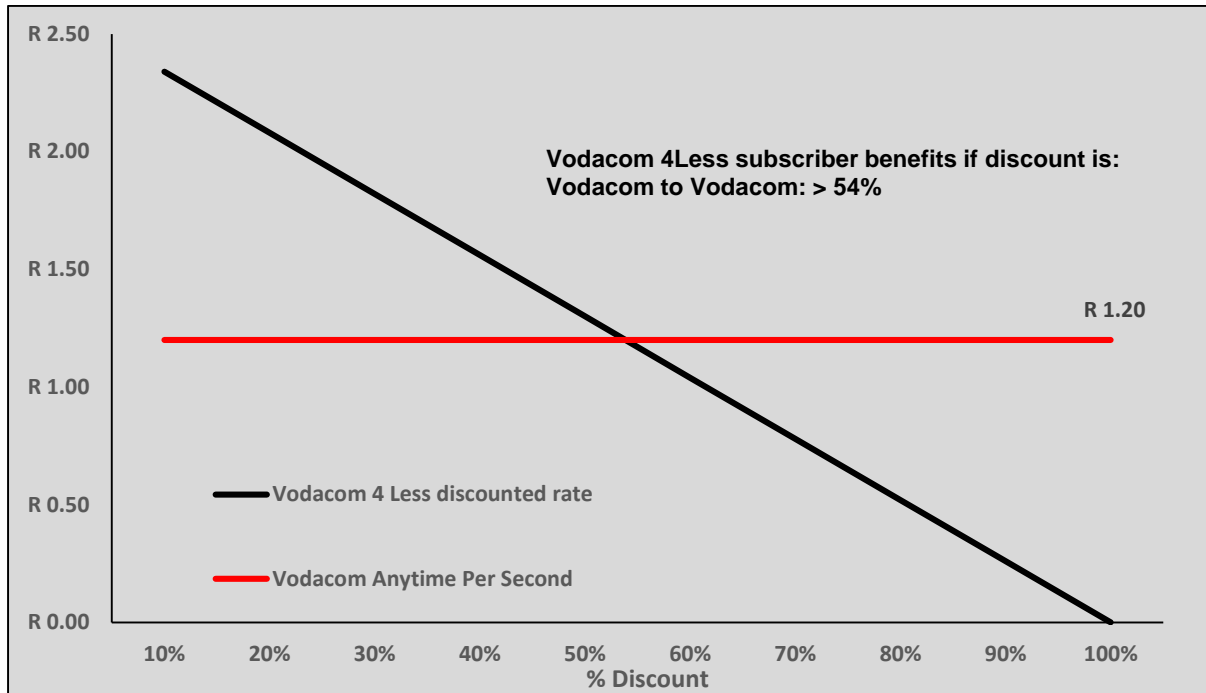
*Source: ICASA database based on tariff notifications*

Table 3 shows that the tariff before discounts per minute for these plans was more than double the tariff per minute of the on-net focused tariff plans that Vodacom and MTN offered. However, dynamic tariff plan subscribers had to receive a discount of over 50% on average for these tariff plans to be beneficial when compared to on-net focused tariff plans.

Figures 4 and 5 show how big the discount had to be for subscribers to actually benefit from location and time based discounts.



Figure 4: Vodacom 4 Less: impact of discounts on actual tariff<sup>5</sup>

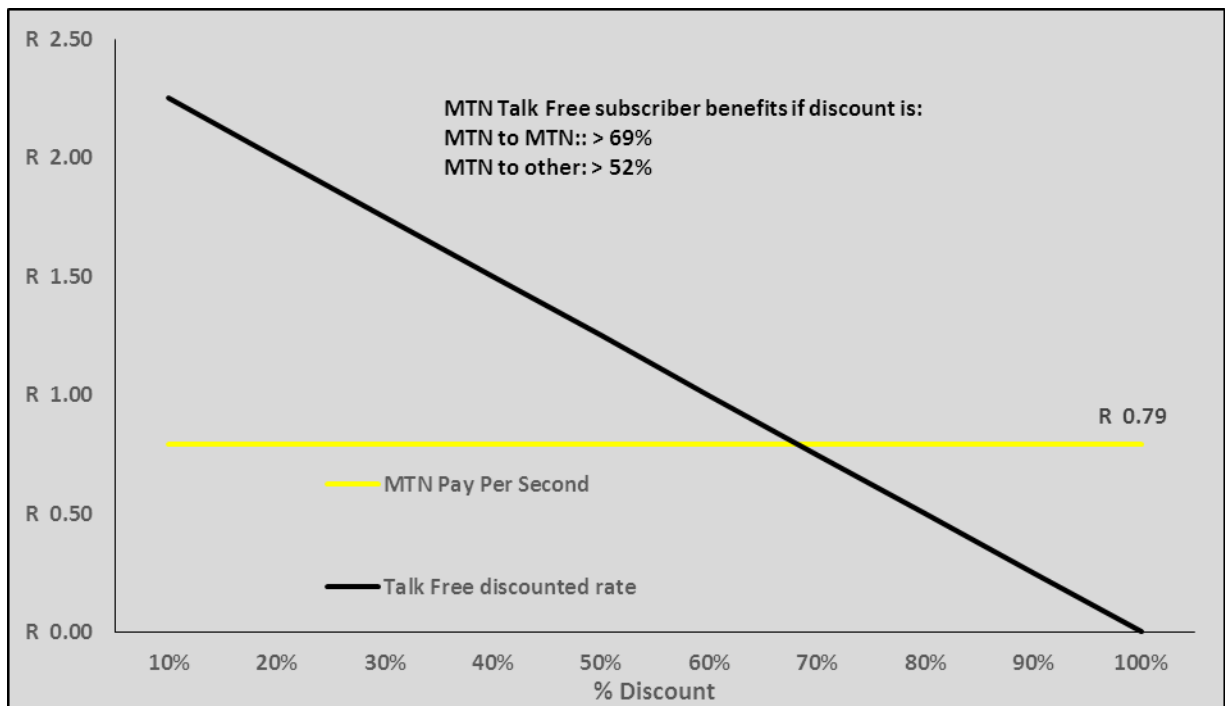


Source: ICASA database based on tariff notifications

A Vodacom subscriber on Vodacom 4 Less had to receive a discount, on average given a specified time period, of greater than 54% to pay less than the standard call tariff using Vodacom Anytime per Second.

<sup>5</sup> Price paid is calculated as follows: Headline tariff – (headline tariff\* percentage discount)

Figure 5: MTN Zone Free: impact of discount on actual tariff



Source: ICASA database based on tariff notifications

An MTN subscriber on MTN Zone received a discount, given a specified time period, of greater than 69% lower than the standard rate call using MTN Anytime Per Second. Additionally, an MTN Zone subscriber received a discount of greater than 52% compared to a subscriber using Vodacom Pay Per Second.

### 3. Prepaid Data tariffs

All four network operators offered the following prepaid data packages during the period under review.

*Table 4: Prepaid data tariffs packages*

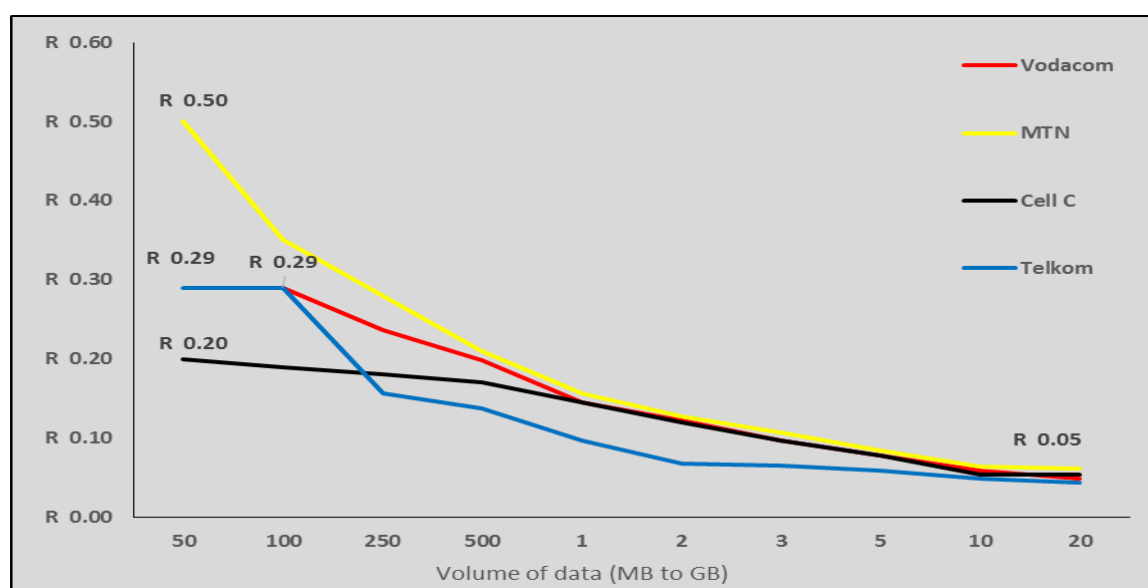
Data	Unit	Vodacom Prepaid	MTN Prepaid	Cell C Prepaid	Telkom Mobile
50	MB	N/A*	R 25.00	R 10.00	R 14.50
100	MB	R 29.00	R 35.00	R 19.00	R 29.00
250	MB	R 59.00	N/A*	N/A*	R 39.00
500	MB	R 99.00	R 105.00	R 85.00	R 69.00
1	GB	R 149.00	R 160.00	R 149.00	R 99.00
2	GB	R 249.00	R 260.00	R 245.00	R 139.00
3	GB	R 299.00	R 330.00	R 299.00	R 199.00
5	GB	R 399.00	R 430.00	R 399.00	R 299.00
10	GB	R 599.00	R 650.00	R 549.00	R 499.00
20	GB	R 999.00	R 1 250.00	R 1 099.00	R 899.00

Source: ICASA database based on tariff notifications

\* N/A means not offered.

Figure 6 below shows the actual price per megabyte as the size of the bundle purchased increased:

*Figure 6: Tariff per megabyte of for 30 day data bundles<sup>6</sup>*



<sup>6</sup> The tariff per megabyte is calculated as follows: tariff per megabyte = (Price of data bundle)/(Volume of data)

This graph shows that the unit cost of data rapidly decreased as the size of the bundle increased i.e. the subscriber received more data per Rand.

The price per megabyte per data package is shown in the table below:

*Table 5: In –bundle rate per megabyte for prepaid data packages*

Data	Unit	Vodacom (In-bundle rate per MB)	MTN (In-bundle rate per MB)	Cell C (In-bundle rate per MB)	Telkom (In-bundle rate per MB)
50	MB	N/A	R 0.50	R 0.20	R 0.29
100	MB	R 0.29	R 0.35	R 0.19	R 0.29
250	MB	R 0.24	R 0.28	R 0.18	R 0.16
500	MB	R 0.20	R 0.21	R 0.17	R 0.14
1	GB	R 0.15	R 0.16	R 0.15	R 0.10
2	GB	R 0.12	R 0.13	R 0.12	R 0.07
3	GB	R 0.10	R 0.11	R 0.10	R 0.06
5	GB	R 0.08	R 0.08	R 0.08	R 0.06
10	GB	R 0.06	R 0.06	R 0.05	R 0.05
20	GB	R 0.05	R 0.06	R 0.05	R 0.04

Source: ICASA database based on tariff notifications

*Table 6: Out of Bundle per megabyte for prepaid data packages*

Data	Unit	Vodacom	MTN	Cell C	Telkom
Out of bundle per MB		R 2.00	R 0.99	R 0.99	R 0.29

Table 5 and 6 above illustrate that if a customer depletes their monthly data bundle, they will pay an out of bundle rate per MB which is often higher than the in-bundle rate. However, for Telkom's out of bundle rate for 50MB and 100MB data packages is the same as its in-bundle rate of R0.29 per MB.

## 5. Conclusion

The standard tariffs for prepaid voice and data services remained unchanged during the period under review. However, the Authority is mindful that subscribers who used promotions and or bundles which were available in the market might have experienced a reduction in standard tariffs paid between 01 April 2015 and 29 February 2016. The Authority may consider including the impact, if any, of promotions and bundles on standard tariffs in the reports to be produced in the 2016-17 financial year.