



Independent Communications Authority of South Africa
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MEDIA RELEASE

The new price regulation regime for reserved postal services set to come into effect in April 2022

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Pretoria – After giving notice of its intention in 2019 to review the current Price Cap Regulations for Reserved Postal Services, the Independent Communications Authority of South Africa (ICASA/the Authority) has published the amendments to the Price Cap Regulations for Reserved Postal Services, as well as the Reasons Document.

The regulations implement appropriate price control obligations that are both effective in fostering the efficient delivery of postal services and are proportionate in creating an environment that promotes and encourages a reliable postal service.

The Authority's approach has been guided by the need to set the prices of reserved postal services in such a way that such prices are affordable, cost-oriented, transparent, and non-discriminatory.

Key to the amendments is the replacement of the existing Price Cap approach (which ties postal price increases to inflation and productivity requirements) with a more appropriate Rate of Return model (which links pricing to an allowable rate of return on the licensee's assets and operational costs).

In this regard, prices charged by the licensee for reserved postal services are set each year - by the Authority - to recover reasonable operational and maintenance expenses incurred in providing such services, along with a return on capital investment, and a reasonable profit margin.

Actual costs will be used in the assessment, as these may be audited, to ensure they are a true reflection of the costs incurred in maintaining the licensed operator's infrastructure and operations in the delivery of its regulated reserved services.

The Price Cap Amendment Regulations for Reserved Postal Services, 2021, will come into force at the beginning of the next financial year, on 1 April 2022. The Authority will continue to assess the licensed operator's expenses in determining prices on an ongoing annual basis.

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