

By email to pricingconsult@chorus.co.nz

20th August 2025

Chorus Price Increases

ISPANZ members are concerned at some matters arising from your proposed price increases detailed here:

<https://sp.chorus.co.nz/inflight-projects/proposed-price-adjustments-2026>

Our members' concerns relate to price caps and to Chorus' lack of competitive pricing compared with Starlink and mobile network operators (MNOs).

Price Caps

We note that you propose to have a "retail price cap" on two plans; Home Fibre Starter and the new Low Speed (40/10) plan. It is understood that if an RSP's end user pricing exceeds this "retail price cap" then your pricing to that RSP will increase. The retail price cap was introduced in 2022 so that an entry level plan could be priced competitively – both Chorus and the RSP took a reduced margin. That entry level plan was Home Fibre Starter 50. RSPs clearly understood that if they exceeded the retail price cap then the normal Fibre 50 price would be charged.

Now, you are proposing to introduce an additional entry level plan, the new Low Speed 40/10 plan, with a retail price cap but without an equivalent 'Fibre 40' plan with full pricing.

Our members are interested to know:

- If the retail price cap on the 40/10 plan were to be exceeded, what would the consequences be? We question the legality of you trying to set a retail price cap on a product where you are not taking a reduced margin compared with an equivalent product.
- Given that the concept of a retail price cap was introduced for your entry level plan, and that you now intend to have such a price cap on two plans, is your intention to try to impose retail price caps on an increasing range of plans?

Our members feel that their pricing to end users is no concern of yours. We also note that you are positioning “the proposed new plan and cap at a level we believe delivers an appropriate margin”. Our members feel most strongly that you have no way of calculating what the margin for any end retail product might be and no right to decide what an “appropriate margin” is for any RSP, even if you did know all the input costs – which you don’t. You are a regulated monopoly. Our members operate in a competitive environment. They feel that for you to make judgements about their pricing and what might be an appropriate margin for them to make is arrogant and out of place. You would not like it if our members decided what an ‘appropriate margin’ might be for you to make on the wholesale products that they purchase from you.

That said, we will now suggest that you may wish to reduce your margins on all your products up to and including Home Fibre 500.

Starlink and MNOs

You state that your proposed price increases “reflect significant upward pressure across key cost areas—including electricity, local rates, and essential

service inputs”. That may be so, but in the non-regulated markets that our members operate in price is driven by a range of additional factors, including competitors’ pricing.

Starlink is becoming the connection option of choice for end customers who value a cheap connection over quality and service. One of our members notes that “we can sell a 500 Mbps fibre plan for \$99 a month. Starlink can now be as cheap as \$79 and gets 300–400 Mbps.”

Similarly, we have noticed MNOs guiding broadband customers towards 5G connectivity rather than fibre in order to maximise their profits – profits which they see being eroded by increasing wholesale fibre costs.

Part 4 of the Commerce Act has substantial content identifying how prices for regulated services are to be set. Price-quality paths are determined partly to ensure that the supplier gets a ‘fair’ return for their investment. ISPANZ submits that the technological step-change that Starlink and 4/5G wireless represent means that the Chorus products aimed at fibre users up to 500 Mbps are now not competitively priced. It is now not possible for you to get a ‘fair’ return on your capital and the Commerce Commission’s calculations mean that you are allowed to charge a higher price than the market can stand.

We recommend that you reduce your prices to allow RSPs to compete with Starlink and MNO connections. If you do not, then increasingly the market for your lower-end products will disappear, no matter what you might regard as a ‘fair’ return on your capital investment. In that eventuality you would forfeit all return on your capital investment.

Moving Forward

Our members value their relationships with Chorus. Pricing is a key element of those relationships. Please:

- address our questions on retail price caps detailed earlier,
- stop making judgments about what might be an appropriate margin for our members to make, and
- lower your pricing for products up to and including 500 Mbps so that end users will not be tempted to migrate all their business to Starlink or to MNOs.

Best Regards,



David Haynes

Chief Executive