

Market Release

17 December 2015

Spark NZ increases prices to reflect higher Chorus copper lines charges

Spark NZ said today it will raise prices for some of its broadband and landline plans from 1 February 2016. The price of ADSL and VDSL Broadband plans will increase by \$5 a month, and home landline customers in Auckland, Wellington and Christchurch will receive an increase of \$3.50. There will be no change to fibre prices.

This is a result of this week's Commerce Commission decision to significantly increase regulated Chorus line charges for copper broadband and landline services. The new Chorus charges, which took effect from yesterday, are almost \$8 per month (including GST) higher for broadband services and just over \$7 higher for landline voice services, compared with the previous charges. Chorus line charges make up more than half what most New Zealanders pay for their broadband or landline services.

Spark NZ's CEO for Home, Mobile and Business, Jason Paris, said he was extremely disappointed about the need for Spark NZ to increase prices.

"We have worked hard over the past few years to keep prices as low as possible, and we want to keep them that way. However, this regulatory decision means a significant and unexpected increase in our underlying costs, so unfortunately we have been forced to reflect these costs in our customer pricing."

Spark stands by commitment to return savings to customers

Paris said the decision not to backdate when the new higher Chorus line charges came into effect was the only sliver of good news in the Commerce Commission's decision.

"In light of the Commerce Commission's earlier threat of backdating, we put up our prices in February this year. At the time, we said that if there was no backdating, we would do the right thing and return savings where we could to customers who were affected by the price increases in February and remained on their impacted plan. We're the only broadband provider who has publicly committed to do this.

"We intend to make good on this commitment and give something back to our customers in the coming months, as long as the decision on backdating is not subject to appeal."

Paris said eligible home landline customers in Auckland, Wellington and Christchurch would receive a credit on their monthly bills, while eligible 40GB and 80GB ADSL/VDSL broadband customers nationwide would have the choice of a few options, one of which will be an account credit. Spark will proceed with giving these savings back from March, provided there are no appeal proceedings.

Home landline customers outside the three main centres will not receive any credit but their prices will not be increased in February, despite the cost of higher Chorus lines charges Spark will face.

ADSL / VDSL customers on Unlimited plans will also not be eligible for a savings credit, as their plan prices did not increase earlier this year and instead were reduced by \$10 a month.

More information on the return of savings will be available for customers in the next few weeks.

Spark customers on Ultra Fibre broadband plans will not face price increases, as their services are not dependent on the Chorus copper network and thus are not affected by the increases in Chorus regulated charges.

SUMMARY OF KEY PRICE CHANGES				
Spark plan	Current monthly price (incl. GST)	Price change	Price from 1 Feb 2016 (incl. GST)	Intended return of savings¹
Home landline only (Akl, Wgtn, Chch)	\$50	+\$3.50	\$53.50	Account credit ²
Home landline only (Rest of NZ)	\$53.50	No change	\$53.50	N/A
ADSL Broadband with home landline, 40GB plan	\$79.99	+\$5	\$84.99	Choice of options, one of which is an account credit ²
ADSL Broadband with home landline, 80GB plan	\$89.99	+\$5	\$94.99	Choice of options, one of which is an account credit ²
ADSL Broadband with home landline, Unlimited Data plan	\$99.99	+\$5	\$104.99	N/A
Fibre 30 with home landline, 40GB plan	\$79.99	No change	\$79.99	N/A
Fibre 30 with home landline, Unlimited Plan	\$99.99	No change	\$99.99	N/A

1. Subject to the Commerce Commission decision on no backdating not being appealed.
2. Eligible customers are those who were on affected broadband and landline plans in February 2015 when the price increases were applied, and were still on those plans in November 2015.

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