

1 April 2022

Summarised RSP feedback on CPI price increases

On 17th March, Enable published our proposed 2022 price increases based on the December CPI of 5.9%.

This was followed by a two-week RSP consultation period which ended on 29th March. During the consultation period the following summarised, general feedback was received from several RSPs.

- General expectation from industry was that any increase would be between 4-5%
- LFCs implementing price changes at different times of the year adds a layer of complexity with RSPs as many cannot accommodate regional pricing. LFCs were asked to consider aligning to the same price adjustment date of 01 October
- One RSP anticipated a CPI increase of between 6-8% and another said it was prepared for a larger than normal CPI increase
- It was noted that there is an inconsistent approach taken by all LFCs to 2022 price changes with some providing a blanket increase and others increasing specific products
- RSPs acknowledged that most businesses are facing cost pressures in the current environment and could understand the need for an increase however the scale and timing of the increase was questioned
- Smaller RSPs may be put under undue financial stress unless larger RSPs move fibre broadband market prices up
- RSPs who do not have wholesale agreements with a Mobile Network Operator are under price pressure from fixed wireless broadband offerings. Increasing fibre pricing now will intensify this pressure as fixed wireless offerings become more pervasive
- Some RSPs will be driven to give more consideration to alternative wholesale technology inputs, especially for entry broadband consumers. RSPs will turn to where they can get best margins
- The rate of churn on individual RSPs and the LFC network may worsen, increasing the problem of inactive ONTs
- The increase may discourage RSPs from participating in Enable wholesale incentive campaigns
- Due to the recent free upgrade of base speeds from 100/20 to 300/100, end customers may see this as an industry trying to recover costs from this upgrade as RSPs will likely need to pass these increases on to end customers
- Some RSPs questioned the need for this level of increase due to the majority of Enable costs being incurred during the network build phase
- One RSP questioned the increase being applied across all revenue, as opposed to reflecting the increase in Enables operational expenses.