

Internet users in line for cheaper connection

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By [Helen Twose](#)



From September, broadband customers will be able to connect to the internet without paying Telecom for a phone line for the first time.

Under an agreement reached by the telecommunications industry, Telecom will sell a service to its wholesale customers - the likes of CallPlus, Orcon, ihug, WorldxChange and its own retail arm - which will give consumers access to the internet without paying up to \$43 for line rental.

The broadband connection will still be provided via the copper phone line service.

The agreement came out of industry negotiations and will be incorporated into Government regulation of telecommunication services.

Graham Walmsley, head of wholesale at internet company CallPlus, said the changes would mean consumers could elect to get rid of their phone line in favour of Voice over Internet Protocol (VoIP) phone services - phone calls using the internet.

CallPlus have offered VoIP services to its business customers since 2001 and to residential customers since 2004.

"The products are already there, it's been gaining the access that is the inhibitor," said Walmsley.

Initially, the quality of voice calling may be affected by speed and connection conditions on the internet outside the control of the internet service provider. However, from the middle of next year the voice service will improve as Telecom upgrades its network and offers a dedicated voice channel for internet calling.

Walmsley said it is the first significant milestone for the telecommunications sector since greater industry regulation was announced by the Government in May last year.

Paul Clarkin, a director at WorldxChange Communication, said for people who are happy to use their mobile or VoIP services for calling it would mean not having to spend nearly \$500 a year on something they don't need.

WorldxChange also offer a VoIP service and have signed up around 5000 customers.

WorldxChange has around 30 to 35 features as part of its "basic" VoIP service, said Clarkin. These include call forwarding to a different number, email notification of calls to your phone, voicemail forwarded to email and three-way calling, as well as the traditional phone services.

Clarkin said the service was used by the All Blacks touring in South Africa, allowing them to make and receive calls from their New Zealand phone numbers.

"They made phone calls from South Africa as though they were in Christchurch."

Tim Shephard, an industry analyst at IDC, said the biggest selling point for VoIP services up until now has been the cheaper cost of toll calling.

However, consumers would now start to see extra features added, which a few years ago were really available only to large companies.

"Running voice over standard broadband is probably a bit unreliable for a lot of people to completely cut the cord, but the cost advantage is pretty compelling," said Shephard. "As the network is upgraded and there's dedicated bandwidth for VoIP, it'll be sufficient for day-to-day use."

What's my line

- Naked DSL allows customers to get broadband via a phone line without having to pay Telecom for line rental.
- Broadband customers will be able to use Voice over Internet Protocol (VoIP) without duplicating the service offered via the traditional phone line.
- A basic naked DSL service will be available from September, with a higher-quality version from the middle of next year.