

Home phones shunned as young talkers take to naked broadband

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By [Jennifer Dudley-Nicholson](#) (/couriermail/author/0,23829,5000516-23272,00.html)

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MORE Australians are choosing to go naked every day, but it's not what you think.

Rather than shedding clothes, internet users are shedding home telephones by signing up to so-called "naked" broadband plans that do not require a phone line or the monthly rental fee that goes with it.

Until recently, this cash-saving technique was most commonly used by cable or wireless internet subscribers, but large service providers are now launching DSL broadband without a phone line requirement.

The latest company to go naked is Australia's second biggest telecommunications provider, Optus, which is now offering plans to compete with rival providers including iiNet and TPG.

Experts predict these services will eventually strangle the home phone in Australia, as only older users cling to the old dog-and-bone for its perceived reliability and a fear of mobile phone costs.

Furthermore, Telsyte principal researcher Warren Chaisatien says even home phone subscribers barely use their landlines any more, with some only hanging on to it because of an "emotional attachment".

Home vs Mobile phones: the facts

- 88 per cent of Australian consumers had a home phone connected in June 2008.
- 96 per cent of Aussies aged 65 to 69 years had a home phone, compared with just 75 per cent of 18 to 24-year-olds.
- Aussies spent 60 billion minutes talking on landline phones and 56 billion minutes on mobile phones in the year to June 2008.
- Landline phone subscriptions are falling after peaking in 2004.
- 18 to 24-year-olds living alone and single-occupant households are least likely to have a landline phone.
- Parents with school-aged children are more likely to have a landline phone.
- 991,375 Australians used VoIP calls in April 2008, with Skype the most popular service.
- Full-time workers are more likely to use mobile phones, while retirees and unemployed people are the least likely.

It is an assertion backed by new research. The Australian Communications and Media Authority recently revealed that 88 per cent of Australians are still connected to landline phones, but their use is dropping faster than the number of users.

ACMA reports that Australians spend only "marginally" more time on the home-based blower than they do on their mobile phones: 60 billion minutes compared with 56 billion minutes yearly.

Shunning the fixed line

The report, *Australians Household Consumers' Take-Up and Use of Voice Communications Services*, also found younger people are less likely to use landline phones, particularly those setting up home for the first time, ACMA chairman Chris Chapman says.

"Younger adults are leading Australia's shift away from fixed-line communications, with many choosing not to connect a fixed-line phone in their new residence when they move out of the parental home," he says. "Young Australians are leading the charge to choose technology that suits their lifestyle rather than copying their parents."

Almost all older Australians are hanging on to their home phones, however, with ACMA finding 96 per cent of those aged 65 to 69 years maintain a landline.

Despite this, ACMA's report concludes that this practice will soon die out, finding that "mobile traffic will likely surpass that of fixed lines in the near future".

Naked DSL

Optus consumer data products general manager Jeremiah De La Cruz says it was this trend that led Optus to launch its first naked DSL packages this month.

Mr De La Cruz says the move is designed to appeal to internet users who may have left Optus for rivals with similar services and denies it will "cannibalise" the company's phone offerings.

"While this has been in the market for some time, we haven't seen our customers say yes, that's absolutely what we want," he says. "We definitely see there's a strong market for a naked proposition now, which is why we're out there communicating this message to new customers and existing customers."

Optus is offering three naked DSL packages: 7GB, 15GB and 30GB per month for \$59.99, \$69.99 and \$109.99, with a \$10 monthly discount for bundling the service with a post-paid mobile phone. Users who sign up before May 31 will avoid set-up fees, but all users will have to sign a 24-month contract.

But Mr Chaisatien says Optus is late in coming to the naked party. Smaller internet service providers have offered naked DSL services since November 2007, starting with Amnet and iiNet. Other providers include Internode, Gotalk, TPG, and, as of January, NetSpace.

"Smaller players like iiNet and TPG have been offering naked DSL because they have nothing to lose; no phone revenue to lose," he says. "It means bigger guys like Telstra and Optus have no choice. Even though they would love to keep their (fixed-line) revenue forever I don't think they have a choice but to follow the marketplace or someone will come and eat their lunch."

VoIP calling

Mr Chaisatien says the trend is also likely to expand as more Australians learn to make phone calls over their internet lines, or VoIP calls, with services such as Skype and Google Talk.

ACMA reports that traffic through VoIP service providers grew 27 per cent in the year to April 2008, though it says these services are yet to reach mainstream acceptance in Australia.

Market leader Telstra is yet to offer a naked DSL service, however, and AAPT chief executive Paul Broad says the company will not offer such a service to protect its current revenue.

"We use our broadband business to hold on to the voice business that we've got," he says. "We don't want to cannibalise our voice business."

Mr Chaisatien says some Australians will also be unlikely to change and give up their home phones, even though they're using it less.

"We asked people why they keep a landline and I guess it has a lot of emotional attachment, especially with more mature families. It offers a sense of security, too, because it is reliable in the case of an emergency."

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