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ACCC Issues Interim Determination for Wholesale Line Rental

iiNet, through its subsidiary Chime Communications, has been notified by the ACCC that Telstra will have to reduce the wholesale line rental (WLR) for fixed line telephony that it charges Chime.

The ACCC has issued an Interim Determination following an Access Dispute lodged by Chime early in 2007. The Determination sets a wholesale rate of \$23.12 monthly (for Home Line Part) and \$25.84 monthly (for Business Line Part). It is, however, a case of “good news, bad news” as the determination also includes a 32% price increase for local calls at the wholesale level.

The ACCC currently links the WLR with local calls and the two services are not available separately. The interim result comes about after almost 18 months of dispute with Telstra following increased WLR prices in December 2005.

ADSL broadband, as provided by iiNet, requires the provision of an associated telephone service. WLR is used by iiNet to provide customers with the underlying telephony services in combination with a range of high speed broadband products.

As a result of these cost changes, the retail price of line rental can be reduced from \$34.95 to \$29.95, but if the retail price of local calls will increase from 17c to 20c per call. Customers on a qualifying broadband plan will be able to move to this new phone plan using toolbox, iiNet’s self service portal.

“The pricing for line rental is important to customers,” said iiNet CEO Mr Michael Malone. “We have approximately 90,000 customers purchasing a basic phone service from iiNet, but this number is lower than we would have liked because we haven’t been able to provide a competitive price for line rental for the last year and a half. This decision is only an interim one but it gives us the chance to get line rental back in line with the market.”

The price changes apply only to residential customers. iiNet previously absorbed the changes for business phone line rental.

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