

## Media Release

### National Broadband Network Will Fail Without Access Reform

**1 April 2008** - The Federal Government's National Broadband Network will be a failure with customers paying more, fewer internet providers and a reduction in innovation and competition if the current access and regulatory regime is not dramatically reformed, iiNet Limited (ASX: IIN) said today.

iiNet today released its 30-page submission to the Panel of Experts advising the Government on building the National Broadband Network.

The submission says the Network's construction is an historic step, but also a significant opportunity to set in place an access and regulatory regime that will secure the future growth, innovation and competition in the telecommunications sector.

It says while the lack of infrastructure investment has left many Australians with no access to fixed line broadband, the level of access to high-speed broadband has also been driven by the lack of a genuine open access regime to the current infrastructure.

iiNet Managing Director, Michael Malone, said notably where genuine open access is currently available, either due to competition or enforced by determination of the Australian Competition and Consumer Commission (ACCC), many Australians have access to broadband at higher speeds than proposed in the Government's National Broadband Network policy.

"Through our own infrastructure investment, including DSLAMs in more than 300 exchanges, and competitive access to other existing infrastructure we can currently provide ADSL2+ to more than 90 percent of Australians living in metropolitan areas - often at speeds well in excess of 12Mbs," Mr Malone said.

"The future access and regulatory regime for any new network will be a key determinant of the ability of the Government to successfully implement its election commitment and 'put Australia back into the fast lane of the information superhighway.'

"Getting the regulatory settings wrong at this significant opportunity will lead to a reduction in competition and a return to higher prices, less choice and reduced product innovation," he said.

He said the recent High Court judgement also reinforced the critical importance of setting in place a statutory open access regime in advance of awarding any consortium the rights to build the new Network.

The submission also recommends the Government consider issuing discrete State, regional or metropolitan licences in addition to single national solution. It says considering new models may create additional competitive tensions as well as developing niche markets.

In addition, the submission argues that:

- structural separation of the access provider from a retail business unit is essential;
- the current 'negotiate - arbitrate' process is dysfunctional with some disputes still unresolved almost 10 years later;
- any future negotiate - arbitrate model must have a single arbitration automatically applied to all similar arbitrations;
- access seekers to any new Network must have the ability to operate the services with decisions on throughput, line speeds, contention ratios and other access characteristics at their discretion;
- any new Network must provide access seekers with a platform capable of delivering at least the full range existing services, including ADSL, PSTN, VoIP and other data networks;
- these services should be available at the same or less than current costs;
- legitimate infrastructure owners must be either compensated for any stranded assets or allowed to retire their assets in line with reasonable investment returns;
- customer transition from existing services to any new Network service must be possible without outages, compulsion or disadvantage;
- a fully automated and compulsory customer transfer regime must be established to provider customers choice and drive competition;
- future access terms and conditions must be transparent, comprehensive and available for publication; and
- any new Network must allow for the continuation of, or the migration to, functionally equivalent services.

---

## About iiNet

iiNet was established in 1993 and listed on the ASX in 1999, growing from a small Perth business into the third largest Internet Service Provider in Australia. The Company now supports over half a million dial up, broadband and telephony services nationwide, with revenues of over \$240m, and proudly employs over 600 people in Perth, Sydney and Auckland.

iiNet's goal is to lead the market with the best Internet access products and then differentiate with genuine, plain speaking customer service. The company has its own high speed ADSL2+ network reaching around 4 million households across Australia, the largest Voice over IP network in the country, and is delighted to have led yet again with Naked DSL, recognized by PC User Magazine as the 2007 Product of the Year.

**For further information or interviews, please contact:**

Steve Dalby

iiNet

P: 08 9213 1371

Tim Grau

Springboard Australia

M: +61 438 044 598M: 0438 044 598