

Media Release

Telstra Stops Access to Faster Cheaper Broadband: ACCC Court Action

Time for wide sweeping regulatory reform and the break-up of Telstra

19 March 2009 – Australians have been prevented from accessing faster and cheaper broadband by Telstra according to the Australian Competition and Consumer Commission (ACCC) action taken against Telstra in the Federal Court today.

The ACCC's announced today that it had commenced Federal Court action against Telstra over contraventions of the *Trade Practices Act* and the *Telecommunications Act* and that Telstra has engaged in misleading and deceptive conduct.

iiNet's Chief Regulatory Officer Steve Dalby said the case is further evidence of Telstra's anti-competitive behaviour.

He said the case demonstrated the need for the Federal Government to implement substantial and wide sweeping regulatory reform, including the full and complete structural separation of Telstra and the National Broadband Network, regardless of whoever eventually builds it.

"Customers have been, and will continue to be, the losers with slower, more expensive and less broadband competition until full regulatory reform is undertaken and Telstra is broken up," Mr Dalby said

He said there were numerous instances where Telstra had prevented iiNet from being able to provide cheaper faster broadband to its customers by falsely claiming exchanges were "capped or not providing access to the network as required under Telstra's licence conditions.

"Telstra's actions continue to hamper competition, reduce investment by competitive carriers and create blockages to innovative product delivery," Mr Dalby said.

About iiNet

iiNet was established in 1993 and listed on the ASX in 1999 (ASX: IIN), growing from a small Perth business into the third largest Internet Service Provider in Australia. The Company now supports more than 725,000 dial up, broadband and telephony services nationwide, is on track to exceed \$400m of revenue in FY09, and proudly employs more than 1,400 people in Perth, Sydney, Auckland and Cape Town.

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	Tim Grau
iiNet Chief Regulatory Officer	Springboard Australia
P: +61 8 9213 1371	M: +61 438 044 598