

MEDIA RELEASE

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Neighborhood Cable, one of Australia's only independent Pay TV providers, today warned that a bid by Telstra to include Austar Pay TV services as part of a discount package to customers could spell the end of competition in regional Australia.

Neighborhood Cable which provides broadband, Internet and Pay TV services in Ballarat, Mildura and Geelong, has on invitation from the Australian Competition and Consumer Commission (ACCC) lodged a formal objection against the application by Telstra Corporation Ltd and Telstra Pay TV Pty Ltd to 'bundle' Austar Pay TV with Telstra's telecommunications services.

Fred Grossman, Chief Operating Officer of Neighborhood Cable said the proposal would unfairly strengthen and consolidate Telstra's dominant position in regional markets and would ultimately affect the ability of regional Australians to access the latest telecommunications technology at competitive prices.

"If successful, this application would effectively mean the end of competition in regional Australia for Pay TV and more importantly, telecommunications services including access to broadband and high speed Internet services," he said.

The proposal would allow Telstra Pay TV to offer Austar services at a discount to its retail residential customers who also buy telecommunications services from Telstra.

Mr Grossman said allowing Telstra to include a third party's Pay TV product with its telecommunications services would seriously undermine any investment in Regional Australia by alternative infrastructure providers such as Neighborhood Cable.

"By the end of 2003, Neighborhood Cable will have invested \$65 million on broadband infrastructure in regional Australia. We have already created more than 120 jobs, with more to come." Mr Grossman announced.

"Should the ACCC grant this application for exemption there would be little to no incentive for any new investment in infrastructure in regional Australia for competitive Pay TV, broadband, internet and telecommunications services."

Mr Grossman said Telstra's push to "rebadge" Austar's Pay TV content and bundle it with its telephony services provided no added benefit to regional Australians who already had access to both products.

"It is simply a mechanism to lock customers into Telstra services and offer a small discount to achieve that goal."

Regionally based Neighborhood Cable Ltd owns and operates Hybrid Fibre Coaxial (HFC) broadband cable networks in the three regional centres of Mildura, Ballarat and Geelong, and provides Pay TV, broadband Internet and a range of other services. It passes more than 90,000 commercial and residential premises.

"Neighborhood Cable's vision is to bring broadband to as many regional Australians as possible and to ensure our customers are not price disadvantaged simply because they live away from a capital city", Mr Grossman said.

"Our customers enjoy dial up Internet, high speed Internet, superior free-to-air TV reception across our cable, more than 30 channels of affordable cable-TV, Internet telephony and high speed data services, such as videoconferencing, with new services planned for the future.

To drive broadband along, Neighborhood Cable launched the lowest cost cable broadband deal in Australia - \$34.95 a month. "No other cable broadband company in Australia even comes close to this," Mr Grossman said.

About Neighbourhood Cable

Neighborhood Cable is regional Australia's leading cable broadband infrastructure and services provider, with operational networks in Mildura and Ballarat and Geelong passing more than 250,000 residents. The Company offers access to one of the best value broadband services available in Australia today; high speed broadband Internet, competitive dial-up Internet access and more than 30 channels of Pay-TV. The Company also offers a broad array of advanced network-based services and applications to businesses, government and schools in its markets. In this context, the Company provides one of the world's most advanced VoIP Internet telephony networks for the Mildura Rural City Council.

Neighborhood Cable is listed on the Australian Stock Exchange ("ASX") under the ticker "NCA". More information, please see www.neighborhoodcable.com.au

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