

## iiNet spends \$15m to expand network

**Tony Boyd**

Internet service provider iiNet is stepping up its attack on Telstra by investing \$15 million to extend its high-speed broadband network so that it reaches 4 million urban households.

The company has also signed an agreement with Pipe Networks so it will no longer have to rely on Telstra's fibre optic connection to exchanges.

Chief executive Michael Malone said the Pipe Networks deal would cut the cost to iiNet of connecting to Telstra exchanges, offer unlimited bandwidth for a fixed price and prepare the company for growth.

He repeated the company's June 2006 earnings guidance of \$247 million in revenue, \$40 million in

earnings before interest, tax and depreciation, and net profit of \$13 million.

The \$15 million investment in next generation ADSL 2+ equip-

ment to be installed in 150 Telstra exchanges will be funded from the

company's \$70 million debt facility with Westpac.

The ADSL 2+ service will be able to deliver broadband connections at speeds of up to 24 megabytes per second. "The continued investment in the development of our next generation ADSL 2+ network reduces our dependence on Telstra wholesale services with the end

benefit to our customers of faster broadband speeds and greater reliability," Mr Malone said.

He said iiNet this week installed its 200th digital subscriber line access multiplexer, or DSLAM, which allowed the company to directly access Telstra's copper line network.

The company now has 85,000 customers on its own DSLAMS.

Mr Malone said a recent analysis of broadband speeds achieved by iiNet's customers in Riverton in

Perth showed Telstra's copper network was capable of delivering much higher speeds than the 1.5 Mbps being offered by Telstra within 1.5 kilometres of an exchange.

This comment was backed up by research released yesterday by the Competitive Carriers Coalition that shows customers of internet service provider Internode living more than 4 km from a Telstra exchange were achieving broadband speeds of up to 14 Mbps or higher.

A Telstra spokeswoman said Telstra's network was constantly being upgraded but no decision had been made on whether ADSL 2+ services would be offered.

CCC executive director David Forman said Internode's experience "raises very serious issues about Telstra's stated rationale for wishing to build a fibre to the node network that would not be made available to competitors".

**"Development of our next generation ADSL 2+ network reduces our dependence on Telstra wholesale."**