



**NOTE: Comparative Assessment of Broadband Performance and Cost for Consumers
in G7 and OECD Countries:**

Canada always ranks in the top half or better

February 3, 2012 Comment

The following comments are provided in response to some of the questions asked regarding the above Report. Please note that details on the methodology used are provided in the Report itself at Section 6 entitled “Notes on Methodology.” For all parameters analyzed in the Report, the methodology is common across all countries included.

The average monthly subscription cost in Canada estimated by LYA is very close to a similar statistic published by CRTC

LYA’s objective was to compare what the average subscriber in each country actually pays on a monthly basis for high-speed Internet service. This would correspond to the average revenue generated by ISPs per month per subscriber. Footnotes 29 and 30 of the LYA Report explain how this was done, including taking into account the market share of various ISPs, the split of subscribers according to the download speed of the service to which they subscribe to and appropriate discounts as offered in mid-2011 for each service provider in each country included in the study.

All rates published are compared in US dollars on a Purchasing Power Parity (PPP) basis using 2010 PPP indicators for individual consumption as published by OECD in mid-2011

Using this methodology, LYA’s result of the average monthly subscription cost in Canada is \$30.79 USD PPP in mid-2011 (at p. 16 of the LYA Report). This corresponds to \$38.50 CAN in mid-2011. To provide a point of comparison, the CRTC 2011 Communications Monitoring Report reports in Section 5.3 (p. 137) that the “Residential high-speed access revenue per subscriber per month” was \$36.06 in 2009 and increased by 2.6% to \$36.99 in 2010. Applying a similar increase of 2.6% would yield average monthly high-speed Internet revenue per subscriber of \$37.95 CAN, slightly lower but very close to the \$38.50 CAN derived independently by LYA based on mid-2011 pricing. Our opinion is that this validates our methodology.

On the question of how average speed is derived

As noted in Section 6 of the LYA Report, our objective was to estimate the average speed for the average subscriber in each country reflecting the market share of each ISP and the split of subscribers according to the download speed, also in each country.

In order to do so, LYA used inputs from a large number of ISPs in each country to assess the average speed for the average subscriber in each country. This ranges from 5 ISPs in Luxembourg, 6 in Estonia to 14 in Canada and 22 in the USA, to provide a few examples, and



ensures that our results reflect the entire market and subscriber base in each country, to the extent possible.

The Akamai report

With respect to average Internet speed comparisons in relative country rankings with the Akamai report entitled “The State of the Internet”, 3rd Quarter, 2011, we highlight that the comparative rankings are not so different between the two reports. Akamai puts Canada at 14 out of 49 countries for average speed.

The LYA Report ranks Canada at 15 out of 32 OECD countries for average speed. We further highlight that:

- There are four European countries added in the latest Akamai report (IIIQ 2011) compared to the report of a year ago (IIIQ 2010). These are Hungary, Poland, Romania and Slovakia of which Hungary and Romania post higher average speeds equal to or higher than Canada's according to Akamai. This renders straight year-to-year comparisons of a country's relative ranking in the two Akamai reports inaccurate.
- The Akamai report does not focus on OECD countries and thus their results do not include countries such as Estonia, Slovenia and Turkey, which are included in the LYA Report.

What the LYA Report does not say

The LYA Report does not draw any conclusions regarding future spectrum auctions or other events.

Comments on LYA's Report are welcome as usual.

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