

# An Accurate Price Comparison of Communications Services in Canada and Select Foreign Jurisdictions

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**BACKGROUND:** Since 2008, Innovation, Science and Economic Development (ISED) and the Canadian Radio-television and Telecommunications Commission (CRTC) have retained Wall Communications Inc. (Wall) or NGL Nordicity Group Ltd. (Nordicity) to conduct a price comparison of communication services in Canada and select foreign jurisdictions (the Study). Wall and Nordicity use nearly identical study methodologies, and every year both consultancies claim that Canadian prices are among the highest in the industrialized world. The purpose of the present report is first to examine the accuracy, or lack thereof, of the Wall/Nordicity Study and second to conduct an economically sound price comparison for the same countries.

**MAIN FINDINGS:** This report reaches two overarching conclusions:

- 1 The Wall/Nordicity Study's findings of high prices in Canada relative to other countries is false because it is the result of a poorly designed study and incorrect data interpretation.
- 2 A properly designed and executed study methodology reveals that the existing prices for communications services in Canada are cheaper than the prices that foreign providers would charge in Canada for the same service plans.

## EXAMINATION OF THE WALL/NORDICITY PRICE STUDY

The Wall/Nordicity Study compares the prices of communications services in Canada and other countries that are closest to artificial demand profiles established by the consultancy performing the Study, not actual service plans. This methodology results in an apples-to-oranges comparison because none of the plans that the Study compares are identical. Often the plans that are being compared are fundamentally different in terms of the services they offer (e.g., number of voice minutes included, data allowance, roaming, etc.), network quality (e.g., upload and download speeds), and the geography in which the services are provisioned (e.g., a network in Japan has a different cost structure than a network in Canada). Such a comparison proves nothing about price levels in Canada because it only reflects how close or far certain providers' plans are relative to the artificial demand profiles established by the consultancy performing the Study. ISED's mandate

of backwards compatibility explains why the original Study design has survived the last decade and why all eleven iterations of this Study suffer from the same fatal flaws.

## RESULTS OF A PROPERLY DESIGNED PRICE STUDY

Considering the significant shortcomings of the Wall/Nordicity Study, this report introduces a proper price comparison of communications services in Canada and ISED's select foreign jurisdictions. This proper analysis reveals that:

- 1 Canadian providers do not charge high prices relative to the benchmark countries.
- 2 Approximately 80 percent of the Canadian mobile wireless telephony, mobile broadband Internet, and fixed broadband Internet plans studied have prices below international benchmarks, which means that Canadian consumers are paying relatively lower prices given the specific market offerings, networks, and country conditions.