



COMMERCE COMMISSION

Release of Report for Commerce Commission on Broadband Quality for December 2008 Quarter

Attached is the Epiteiro/IDC quarterly report on New Zealand broadband quality for the December 2008 quarter. This report was commissioned by the Commerce Commission and prepared by broadband measurement consultancy Epiteiro and ICT analysts IDC. The report examines the quality of broadband service provided by New Zealand's internet service providers (ISPs) as measured by Epiteiro from central sites using the highest-speed residential plans available.

From the December quarter Epiteiro changed its measurement technology to use ADSL2+ modems rather than ADSL1, because 58 percent of Telecom's ADSL capable lines have now been upgraded to ADSL2+. ADSL2+ has a theoretical maximum downstream speed of 24 Mbps for customers close to the exchange compared to the 8 Mbps of ADSL1. The increase in the New Zealand Broadband Index in the December quarter can largely be attributed to the use of ADSL2+ technology. The use of this technology has led to significant improvement in some of the observed broadband key performance variables. It cannot be determined to what extent the increase was also caused by improvements to the network made by ISPs. The result however demonstrates there can be considerable advantages for broadband customers on full speed plans, relatively close to the exchange, in changing to an ADSL2+ modem if they have not already done so.

While it is difficult to draw any definitive conclusions about underlying DSL broadband performance in the December quarter because of this change, the three quarters leading up to the December did show significant improvements in the performance of the five largest ISPs. Epiteiro/IDC reported further investment in the December quarter by most of the larger ISPs in capacity and technology to increase the effective bandwidth available to their customers so it is likely this investment did cause some improvement in underlying DSL performance in the December quarter for some customers.

The Commission notes that TelstraClear's cable broadband performance, which does not use DSL technology and so was not affected by the change to ADSL2+ modems, had a significant improvement in performance in the December quarter. However, improvements in DSL performance in prior quarters when boosted by the use of ADSL2+ modems have for the first time raised the measured DSL performance of some providers above cable broadband performance.

The report is designed to provide New Zealand consumers, businesses and industry observers with objective data on how the quality of broadband services is changing over time. The results shown should be viewed as indicative rather than representative of New Zealand broadband performance across the country.

It should be noted that this report forms part of an on-going data series that over time will provide valuable information on service performance, but on its own cannot provide a complete picture at this early stage in the series.

Background

The Commission contracts Epiteiro to provide the broadband quality reports. As part of Epiteiro's work in the area, Epiteiro provides services to Internet Service Providers (ISPs) enabling them to benchmark customer performance across dial up, cable, broadband and wireless connections.

The ISP-ITM platform and technology from Epiteiro emulates an Internet user's activity across eleven sites. The sites are located in Auckland, Hamilton, Wellington, Christchurch and Dunedin. It measures twelve ISPs every fifteen minutes on a 24-hour basis across the eleven sites. The platform gathers a range of detailed statistics on seven parameters – synchronisation speed, cached and non-cached HTTP download speeds, ping, DNS, packet loss and email delivery times for independent analyses.

Amendments to the Telecommunications Act 2001 have explicitly empowered the Commerce Commission to monitor the performance of telecommunications markets and report on this work. Accordingly, the Commission has been producing regular monitoring reports, including reporting on the quality of broadband services.

The views and opinions in the Epiteiro/IDC report do not necessarily reflect those of the Commerce Commission.