

CANADIANS OFFER THEIR OPINIONS ON VOICE OVER INTERNET PROTOCOL (VOIP) AND THE CRTC RULING



**Sponsored By: Bell Canada, Aliant Telecom Inc., Saskatchewan
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CANADIANS OFFER THEIR OPINIONS ON VOICE OVER INTERNET PROTOCOL (VOIP) AND THE CRTC RULING

July 26th, 2005 -Toronto, ON- In the wake of a recent Canadian Radio-television and Telecommunications Commission (CRTC) ruling, a new survey conducted by Ipsos-Reid on behalf of Bell Canada, Aliant Telecom Inc., Saskatchewan Telecommunications, Télébec, société en commandite, and TELUS Communications Inc., indicates Canadians are not receptive to the idea of a regulatory environment that creates unfair advantages for some Voice Over Internet Protocol (VOIP) competitors. Ninety-four percent agree that all VOIP service providers, including established telephone companies like Bell Canada, Aliant, SaskTel, Télébec, and TELUS, should be subject to the same regulatory rules (38% believe this strongly). Furthermore:

- Three-quarters (75%) believe traditional telephone companies should be allowed to compete and offer lower prices for VOIP services than their competitors if they want to, without interference from the CRTC;
- Six in ten (62%) agree that forcing only traditional telephone companies to submit their prices for VOIP services in advance to the CRTC and wait for approval is an unfair restriction on their ability to compete; and
- Two-thirds (68%) agree that traditional telephone companies should be free to provide bundles of communications services that include VOIP service without first having to obtain the CRTC's approval – just as their competitors are able to do.

When it comes to the CRTC's current policy that prohibits traditional telephone companies from contacting former customers for one year to offer special promotions or to encourage



them to switch back, a good majority (64%) are of the opinion that this is a “bad policy” for them as consumers. Seventy-seven percent feel traditional telephone companies should not be prevented from offering VOIP promotions to customers of their competitors.

Seventy-five percent of Canadians agree they would have no hesitation in switching telecommunications suppliers if prices or services are not competitive with others in the market. And eight in ten (78%) agree that as VOIP services begin to come into the market their competitive choices will be enhanced.

Nine in ten Canadians (87%) believe that telecommunications companies play a critical role by enabling advances in business and consumer communications, and that they help to support overall growth in the economy. And nearly the same percentage (94%) agrees Internet technologies are fundamentally changing how Canadians communicate and how business operates.

According to most Canadians (62%) the CRTC, not the individual providers, should be responsible for ensuring that all VOIP service providers offer ‘social’ type services. In contrast, one-third (32%) believes this is a responsibility best left to the individual VOIP service providers themselves.

For the survey, a representative randomly selected sample of 1200 adult Canadians were interviewed by telephone from July 15th to July 17th, 2005. With a sample of this size, the results are considered accurate within ± 2.8 percentage points, 19 times out of 20, of what it would have been had the entire adult Canadian population been polled. The margin of error is larger within regions and for other sub-groupings of the survey population. These data were weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.



Ninety-Four Percent Of Canadians Agree That All VOIP Providers Should Be Subject To The Same Regulatory Rules...

Nearly all Canadians (94%) agree that with respect to VOIP services, “all service providers, including established telephone companies like Bell Canada, should be subject to the same regulatory rules”. Only a small percentage (5%) disagree with this notion.

There are no notable demographic or attitudinal variances apparent with respect to this question.

Further, Three In Four (75%) Think Traditional Telephone Companies Should Be Able To Offer Lower Prices For VOIP Service Than Their Competitors If They Want To...

Three in four (75%) are of the opinion that “traditional telephone companies should be allowed to compete and offer lower prices for VOIP services than their competitors if they want to, without interference from the CRTC” – one in four (23%) strongly feel this way. Twenty-three percent disagree with this statement.

- Residents of Saskatchewan/Manitoba (85%) and Alberta (83%) are the most likely to agree with this statement.

...And Six In Ten (62%) Agree That Forcing Only Traditional Telephone Companies To Gain CRTC Approval For Their VOIP Prices Is An Unfair Competitive Restriction

Six in ten Canadians (62%) agree with the statement that “forcing only traditional telephone companies to submit their prices for VOIP services in advance to the CRTC and wait for approval is an unfair restriction on their ability to compete” – 13% strongly agree with this statement. One in three (33%) disagree with this statement (6% strongly disagree).



- Segmenting respondents attitudinally reveals that those respondents who agree that traditional telephone companies should be allowed to offer lower prices than their competitors if they want to are also more likely to agree that forcing only traditional companies to submit their VOIP prices to the CRTC is an unfair competitive restriction.

Two-Thirds (68%) Agree Traditional Telephone Companies Should Not Be Required To Obtain CRTC Approval To Bundle VOIP Services...

Respondents were prompted with the information that the CRTC determines which services provided by local telephone companies it will regulate. They were further told that for those services the CRTC regulates, it determines how and where the services can be provided and approves the prices to be charged for those services.

After being prompted with this information, 68% of respondents agreed with the statement that “in order to create greater competition, traditional telephone companies should not be required to obtain the CRTC’s approval to provide bundles of communications services that include VOIP services just as their competitors are able to provide these bundles without CRTC approval” (14% strongly agree). Meanwhile, 30% stated that they disagree with this statement (4% strongly disagree).

- With respect to this question there are no notable demographic variances of opinion. However, attitudinal segmentation reveals that those who are more likely to agree that forcing only traditional companies to submit their VOIP prices to the CRTC is an unfair competitive restriction are also more likely to agree with this statement.



Two-Thirds (64%) Believe CRTC's Win-Back Restrictions Are A Bad Policy For Them As A Consumer...

When considering the CRTC's current policy that prohibits traditional telephone companies from contacting previous customers for up to one year to offer special promotions or offers on any service they provide to try and 'win-back' their business, 64% said they believe this to be a bad policy for them as consumers. Only 33% believe this is a good policy.

And A Strong Majority (77%) Feel Traditional Telephone Companies Should Not Be Prevented From Offering VOIP Promotions To Customers OF Competitors...

Seventy-seven percent agree that traditional telephone companies should not be prevented from offering VOIP promotions to customers of their competitors (16% strongly agree). One in five (21%) disagree with this notion (3% strongly disagree).

There are no notable demographic or attitudinal variances apparent with respect to this question.

Three-Quarters Agree They Would Switch Telecommunications Suppliers If Price/Service Was Not Competitive...

Three-quarters (75%) agree that they would have "no hesitation in switching telecommunications suppliers if prices or services are not competitive with others in the market" (27% strongly agree), while only 22% disagree with this notion.

Standard demographic analysis reveals that those most likely to agree that they would switch telecommunications suppliers if prices or services are not competitive with others in the market include:



- Younger adults aged 18-34 (83%);
- Men (80% vs. 70% among women); and
- Those with higher levels of education at the post-secondary level (77% vs. 72% among those with high-school education or less).

Further attitudinal analysis also shows that those who agree that traditional telephone companies should be allowed to offer lower prices than their competitors if they want, and those who believe that the CRTC should be responsible for ensuring VOIP social services provision, are also more likely to agree with this statement.

Eight In Ten (78%) Feel The Emergence Of VOIP Will Enhance Their Competitive Choices...

The very strong majority (78%) feel that as VOIP services are beginning to come into the market their competitive choices will be enhanced – as this will create more choice. A small, but noteworthy, minority (20%) think the emergence of VOIP will not make any difference for them in terms of their competitive choices.

Nearly All Canadians (94%) Agree That The Internet Technologies Are Fundamentally Changing How Canadians Communicate And Business Operates...

Ninety-four percent of Canadians agree that “Internet technologies are fundamentally changing how Canadians communicate and how business operates” (41% strongly agree). Only a very small percentage of Canadians (3%) disagree with this statement.

Those most likely to agree with this statement are those who:

- Reside in Alberta (98%), British Columbia (97%) and Ontario (96%);



- Have higher household income levels of \$60,000/year or more; and
- Are subscribers to high-speed Internet service (97 vs. 91% among those that don't have high-speed service).

And Nine In Ten Say Telecommunications Companies Play A Critical Role In The Economy...

Nine in ten (87%) agree that “telecommunications play a critical role by enabling advances in business and consumer communications, helping to support overall growth in the economy” (24% strongly agree). One in ten (10%) disagree with this statement.

There are no notable demographic or attitudinal variances apparent with respect to this question.

Full Majority (62%) Believe CRTC Should Be Responsible For Ensuring Providers Offer ‘Social’ Type Services – Only 32% Believe It should Be Up To Individual Providers...

Canadians were asked to consider the social regulations that should be applied going forward within the emerging VOIP marketplace. Specifically, respondents were asked who they feel should be responsible for ensuring that all VOIP service providers offer ‘social’ type services like 9-1-1 service.

A strong majority (62%) are of the opinion that the CRTC, not the individual providers, should be responsible for ensuring that all VOIP service providers offer ‘social’ type services. In contrast, one-third (32%) believes this is a responsibility best left to the individual VOIP service providers themselves. A further 6% are unsure as to who should have this responsibility.



- Residents in British Columbia (69%), Alberta and Ontario (both at 65%) are the most likely to believe that the CRTC should be responsible for ensuring these social services are offered by VOIP providers – while residents of Quebec (42%) are the most likely to believe the individual providers should be responsible.
- Those who currently subscribe to high-speed Internet service are significantly more likely than those who do not subscribe to believe that the CRTC should assume this responsibility (67% vs. 56%).
- As respondents' income and education level increases so too does their likelihood to believe the CRTC should be responsible for ensuring these social types of services are provided.

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