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## Enough is Enough: CNOC Calls for Reform in Canada's Telecom Industry

*Organization Calls Big Telecoms' Requested Supreme Court Appeal a Waste of Resources*

**OTTAWA – December 17, 2020:** In the latest of a string of tactics designed to delay the implementation of a 2019 wholesale rate ruling by the CRTC, the big telecom companies have asked the Supreme Court of Canada (SCC) to hear their case. This despite the case's unanimous dismissal by the Federal Court of Appeal earlier this year in a decision that unequivocally pronounced their claims to have "dubious merit." December 14 was the last day for Bell and the other carriers to file information with the SCC, and the industry now sits waiting to see what will happen – again.

"There are plenty of worthy issues for the Supreme Court to consider," says Matt Stein, Chair of the [Competitive Network Operators of Canada](#) (CNOC). "This is not one of them. This application to appeal is an egregious waste of resources, one that only serves to create delays and further line the pockets of big business and their investors, and Canadians are literally paying the price."

### Canadians Support the CRTC's Decision

The majority of Canadians believe that the CRTC got it right the first time. According to a CNOC [white paper](#) released today, 89 percent of Canadians think the large telecom companies should comply with the CRTC's well thought-out 2019 decision. Once implemented, the ruling will decrease rates for internet access, which is an essential service that allows Canadians to work, study and stay connected from home throughout the COVID-19 pandemic. Canadians currently pay some of the highest rates for internet access in the developed world.

In a survey conducted in partnership with Leger Marketing, CNOC found that seven in ten (69%) Canadians are *not surprised* that the large telecommunications companies have gone to court to try to overturn the CRTC ruling. Canadians have come to expect the big companies to pursue their own interests over those of the people they serve.

"The moment the CRTC came out with its rate decision, the incumbents pursued every avenue of appeal that's allowed under the *Telecommunications Act*," says Stein. "This is straight out of their playbook: they drag out proceedings again and again to make sure they can continue charging high prices for as long as possible. That's not fair for Canadians and it's time we fixed the system."

### Fighting for Fair Internet

The white paper highlights the lengthy procession of delay tactics the big telecom companies have pursued since the August 2019 CRTC ruling, noting their insistence on continued appeals despite their lack of success. CNOC is calling for an overhaul of the industry in four key areas: choice, fairness, competition and value. Entitled "[It's Time to Fight for Fair Internet: End the Delays and Bring Fairness and Competition Back to Canada's Telecom Industry](#)," the report highlights the benefits of strong competition in the market from independent internet service providers (ISPs).

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“Competitive ISPs are known for innovative internet packages and pricing,” says Stein, noting that it’s the independent carriers that introduced and fought for unlimited internet access. “Imagine if we were all still charged *by the megabyte* like wireless services are. We certainly wouldn’t be able to use all the entertainment services like Netflix or productivity solutions like Microsoft Teams and Zoom that have become so critical to our way of life since the pandemic began. That’s what true competition can do.”

According to the survey, 63 percent of Canadians say there’s no point in changing their provider, because they’re all the same, and 78 percent say there isn’t enough competition to allow them to find lower internet rates. Stein says gaining more certainty in their cost structures will allow the independent players to bring more differentiation and value to the market, giving them the flexibility to set affordable rates and develop innovative offerings. “The CRTC ruled that the rates the independent players are charged for access to the incumbents’ networks are unreasonably high. Our members are poised to offer lower rates and invest in innovation as soon as the CRTC’s mandated rates are implemented.”

### Steps to Reforming Canada’s Telecom Industry

In the white paper, CNOC calls on the CRTC to stand firm in its decision. It goes on to highlight a number of essential steps to reforming the system to bring fair internet services to Canadians. These include:

- **Fixing the interim rate-setting process:** The incumbents should not be allowed to set the interim wholesale rates for access to their systems; instead, the industry should adopt a “retail-minus” approach, whereby the interim rates are automatically set at the incumbents’ own retail price minus a set percentage.
- **Holding the interim fees in escrow:** Interim fees should be held in escrow by a neutral party until the final rates are set by the CRTC, rather than being paid directly to the incumbents.
- **Ensuring all customers are treated equally:** The incumbents should be required to provide the same service levels to their competitors’ customers as they provide to their own.

### Structural Separation Might be the Only Real Solution

The report goes on to explore a more drastic step, which it says might be the only real solution: structural separation. Such a move would see the incumbents’ operations split into two parts – retail and wholesale – with wholesale access then offered by an independent entity serving all players across the industry.

“Structural separation would level the playing field for everyone,” says Stein. “All of these ideas would help us get back to what Canadians clearly want: fair, affordable rates; a competitive market that offers choice and value; and telecom companies that clearly put their consumers’ needs first.”

### About the Survey

*Fighting for Fair Internet: What Canadians Think of the Large Telecoms*, an online survey of 1,517 Canadians aged 18+ was completed between July 24 and 26, 2020, using Leger’s online panel. The margin of error for this study was +/-2.5%, 19 times out of 20.

### About the Competitive Network Operators of Canada (CNOC)

CNOC is the voice of Canadian independent ISPs, representing more than 30 competitive telecommunications providers that operate wireline and/or wireless networks in many regions of Canada. CNOC’s mission is to

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increase the level of competitive choice, add more value and boost innovation in the delivery of communications services to Canadians. For further information, visit [www.cnoc.ca](http://www.cnoc.ca)

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