

**TELECOM NOTICE OF CONSULTATION CRTC 2018-422 –  
*CALL FOR COMMENTS – PROCEEDING TO ESTABLISH A  
MANDATORY CODE FOR INTERNET SERVICES***

**INTERVENTION  
OF  
BELL CANADA**

**19 DECEMBER 2018**

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## **EXECUTIVE SUMMARY**

ES1. We support the adoption of a new national code ("Internet Code") for retail fixed Internet services ("Internet services") to help all consumers, regardless of who their Internet provider is, to better understand their rights and responsibilities under their Internet contracts and enable them to participate in the market for Internet services in a fully informed manner. We note that a number of the provisions in the proposed Internet Code reflect suggestions about contracting that we put forward during the recent sales practices proceeding.

ES2. The Internet Code should strike an appropriate balance between creating a single clear mandatory national standard for consumer contracts for Internet services while giving Internet service providers (ISPs) the flexibility to respond to dynamic market conditions. The Internet Code should avoid creating inconsistency and needless duplication.

ES3. The "initial" application of the Internet Code should not be limited to large facilities-based ISPs ("Large ISPs"). This approach is not in accordance with the Policy Direction<sup>1</sup> and it disadvantages customers of smaller carriers or resellers who would not receive the same level of protection as customers of Large ISPs.

ES4. The Internet Code should only apply to consumers and not to business customers. The needs of business customers for Internet services are different than the needs of consumers and complaints from small business customers about their Internet services are different from those from individual consumers.

ES5. We agree with the general direction set out in the draft code and the proposed plain language approach. We support a mandatory requirement to ensure that offers are clearly explained in all communications with consumers. We also support a mandatory requirement to provide customers with account management tools and information to assist them in managing their accounts and avoiding overage charges.

ES6. We do not support the proposed formula for the determination of early cancellation fees (ECFs). It is inconsistent with the fundamental legal principle that an ECF should be a genuine pre-estimate of damages suffered by the wronged party. And it is particularly inappropriate if

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<sup>1</sup> Policy Direction, *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534.

the Internet Code applies to small business, as proposed by the Commission, since the amount which may be charged completely fails to recognize the significant costs associated with the installation, and continued provision, of Internet services.

ES7. We support a 30 day mandated cooling off period when a consumer agrees to a contract under which they would be subject to an ECF.

ES8. The Internet Code should only apply to new contracts and amended contracts. This is the simplest, most efficient and effective way of moving forward and will create less confusion in the market.

ES9. The CCTS is the body best equipped to administer an Internet Code in light of its current responsibilities in responding to complaints about Internet services and for the administration of other codes of conduct.

ES10. The mandatory status of the Commission's section 24 condition requiring membership in the CCTS along with a mandatory section 24 condition requiring compliance with the Internet Code, combined with existing remedies available to the CCTS and Commission's own enforcement powers should be more than sufficient to ensure compliance with the Internet Code.

ES11. Promoting the Internet Code should be the joint responsibility of the Commission, the CCTS, ISPs and consumer groups.

ES12. Consistent with the Commission's practice in reviewing the effectiveness of the CCTS, we consider that an Internet Code be reviewed in five years.

## **1.0 INTRODUCTION**

1. Bell Canada on behalf of itself and its affiliates<sup>2</sup> is pleased to provide this Intervention in accordance with the procedure set out in TNC 2018-422<sup>3</sup>.

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<sup>2</sup> Bell Aliant, Bell MTS, Cablevision du Nord de Québec inc., DMTS, KMTS, NorthernTel, Limited Partnership (NorthernTel), Northwestel Inc., Ontera and Télébec, Société en commandite.

<sup>3</sup> Telecom Notice of Consultation CRTC 2018-422, *Call for comments – Proceeding to establish a mandatory code for Internet Services*.

2. For ease of reference we have structured our Intervention to respond to the issues identified by the Commission as follows:

1. Need for a Code;
2. Application of a Code;
3. Content of a Code;
4. Implementation;
5. Administration;
6. Enforcement;
7. Promotion; and
8. How a Code's effectiveness should be assessed and reviewed.

3. We note the objectives identified by the Commission for the Internet Code<sup>4</sup> and deliver our comments in this proceeding with a view to assisting the Commission to fulfill these objectives. The Code's objectives are to:

1. Make it easier for individual and small business<sup>5</sup> customers to obtain and understand the information in their Internet service contracts;
2. Establish consumer-friendly business practices for the Internet service industry where necessary; and
3. Contribute to a dynamic Internet market.

4. We are submitting certain information contained in this Intervention in confidence.<sup>6</sup> Release of this information on the public record would provide existing or potential competitors with invaluable competitively-sensitive information that would not otherwise be available to them, and which would enable them to develop more effective business strategies. Release of such information could prejudice our competitive position resulting in material financial loss and cause specific direct harm. The abridged version of this intervention is provided for the public record.

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<sup>4</sup> TNC 2018-422, Appendix 1.

<sup>5</sup> See section 3.2 of this Intervention for our submissions on the applicability of an Internet Code to small business customers

<sup>6</sup> This information is filed in confidence with the Commission pursuant to section 39 of the *Telecommunications Act* and the directions provided by the Commission in the Appendix to Broadcasting and Telecom Information Bulletin CRTC 2010-961, *Procedures for filing confidential information and requesting its disclosure in Commission proceedings*, dated 23 December 2010, as amended in Broadcasting and Telecom Information Bulletin CRTC 2010-961-1, dated 26 October 2012.

## 2.0 NEED FOR A CODE

5. We generally support the adoption of the Internet Code to enhance the transparency of Internet contracts and to help consumers better understand their rights and responsibilities and enable them to participate in the competitive market for Internet services in a fully informed manner. We note that a number of the provisions in the draft Internet Code reflect suggestions about contracting that we put forward during the recent sales practices proceeding.

6. The Commission's draft Internet Code addresses the clarity and content of Internet agreements, how and when key contract terms may be changed, bill management tools, equipment issues, contract cancellation and extension, security deposits, disconnection and other issues in a manner that is similar to how consumers are protected under the Wireless Code<sup>7</sup> and the Television Service Provider(TVSP) Code<sup>8</sup>. However, the proposed Internet Code must also recognize the differences between the nature of, and markets for, wireless services and/or TV services and Internet services in addressing consumer concerns. The Internet Code should not indirectly or inadvertently impose structural reforms on the market for Internet services, nor should it alter the underlying business models or impose new ones, or attempt to regulate, directly or indirectly, Internet prices which are forborne pursuant to Telecom Order 99-592<sup>9</sup>.

7. The Internet Code should strike an appropriate balance between creating a single, clear, mandatory, national standard for consumer contracts for Internet services, and related issues, while continuing to give ISPs the flexibility they need to respond to dynamic market conditions and vigorously compete for customers by differentiating their service offerings in order to deliver the highest quality Internet services on the best networks to Canadians.

8. Finally, as with all regulation, the Internet Code should strive to support smart, efficient and streamlined processes to the extent such processes are mandated and avoid inconsistency and needless duplication. As noted in the Government of Canada's Fall Economic Statement (2018), while regulations act as a "rule book" for how businesses must operate and are an essential part of protecting consumers, over-regulation can result in unnecessary barriers to innovation and economic growth<sup>10</sup>.

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<sup>7</sup> Telecom Regulatory Policy CRTC 2017-200, *Review of the Wireless Code*.

<sup>8</sup> Broadcasting Regulatory Policy CRTC 2016-1, *The Television Service Provider Code*.

<sup>9</sup> Telecom Order CRTC 99-592, *Forbearance from retail Internet services*.

<sup>10</sup> Investing in Middle class Jobs: Fall Economic Statement (2018), page 72.

### **3.0 APPLICATION OF A CODE**

#### **3.1 Small ISPs**

9. Limiting the "initial" application of the Internet Code to Large ISPs does not strike an appropriate balance between addressing consumer concerns and the regulatory burden on smaller carriers or resellers. In addition, it is not in accordance with the Policy Direction which requires the Commission to implement non-economic regulatory measures (like industry codes) in as symmetrical and competitively neutral manner as possible.

10. First, it not only creates two tiers of ISPs but also creates two tiers of consumers without any rational basis for doing so. It disadvantages the customers of smaller carriers or resellers who would not receive the same level of protection as customers of Large ISPs, for no reason other than that they have chosen a smaller carrier as their ISP. These consumers make up approximately 13% of the market<sup>11</sup> and they would be completely without protection under the Commission's draft Code. While there may be variety of reasons why a consumer may choose a smaller carrier or reseller, the mandated trade-off for the consumer should not be less transparency with regard to the terms of their contracts. Further, these smaller carriers and resellers generate just under 10% of the overall number of complaints to the CCTS, which is more complaints than some Large ISPs with far greater numbers of customers<sup>12</sup>.

11. Second, and at the same time, this Commission proposal disadvantages smaller ISPs with equally small customer bases who are associated with Large ISPs by imposing significant regulatory costs on them that their competitors with similarly sized customer bases will not have to bear. For example, NorthernTel with approximately # subscribers would be required to comply with the Internet Code but a larger reseller, like Teksavvy, would not.

12. Third, larger resellers, like TekSavvy, Comwave and Primus, for example, are provided with an unfair advantage under the proposal by excluding them from the application of the Internet Code and relieving them of the compliance costs being imposed on their competitors.

# Filed in confidence with the CRTC.

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<sup>11</sup> Competition Bureau, Market Study Notice: Competition in Broadband Services, 2018, paragraph 6.

<sup>12</sup> 2017-2018 Annual Report, Commission for Complaints for Telecom-Television Services, Appendix A – Complaints by service provider. For example, Shaw Communications complaints were approximately 2.4% of the total number of complaints.

In addition, they would be able to offer deep discounts under fixed term contracts to consumers in return for meaningful ECFs that would discourage their customers from switching providers. This competitive advantage for these resellers would be in addition to the cost advantages they currently enjoy in the market for Internet services due to their lack of investment in the networks themselves. The larger resellers provide Internet services to a significant part of the consumer market<sup>13</sup>. As noted above, the Commission's proposal will leave a significant number of consumers without the protections of the Internet Code and provide another advantage to large resellers whose customers should be as entitled to protection as the customers of the Large ISPs on whose networks these resellers ride.

### **3.2 Small Business**

13. The Internet Code should not apply to business. This would not be a unique exclusion for business customers from the consumer protections set out in a mandatory code of conduct. The TVSP Code applies to residential customers but not to business customers<sup>14</sup>. Even though small businesses may subscribe for television services, their needs are different from the needs of residential customers. This is also the case for Internet services and, as the CCTS noted in its 2017-2018 Annual Report, complaints from small business customers can actually be quite different from those of individual consumers<sup>15</sup>.

14. Businesses have a broader range of requirements than individual consumers for Internet services. Internet connectivity is generally only one part of a larger suite of telecommunications and managed services which is contracted for by a business. These service offerings are usually customized and will be negotiated between the business and the provider, even in the case of a small business. This ability to negotiate terms makes Internet services different from wireless services, where the Wireless Code does apply to small businesses. The nature of the wireless offering in the business market and in the consumer market is essentially the same, with few opportunities to negotiate except as may be related to volumes. The mandatory provisions of the Internet Code will undermine the ability of businesses to negotiate individual terms with their ISPs and make the trade-offs that are suitable for their circumstances. For example, a business may wish to lock-in rates or obtain certainty with respect to price increases in exchange for a longer commitment period or by subscribing for an additional managed

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<sup>13</sup> Resellers had almost 20% of market share in Ontario and Quebec in 2016 according to the CRTC Communications Monitoring Report - 2017

<sup>14</sup> BRP 2016-1, paragraph 147.

<sup>15</sup> 2017-2018 Annual Report, Commission for Complaints for TelecomTelevision Services, page 45.



service. The proposed Internet Code, as drafted, would effectively preclude these types of negotiated arrangements by prescribing the form and content of the agreement for Internet services, as well as specific terms, like how ECFs must be calculated.

15. In addition, when a business has a disagreement with its ISP, it typically has the means and the leverage to pursue a reasonable resolution to the dispute. This is reflected in the low number of complaints to the CCTS from small business customers which were only 3.7% of the total number of complaints to the CCTS in 2017-2018<sup>16</sup>.

16. Finally, there is no evidence of a problem with the clarity of contracts for business customers. Businesses, even small ones, are generally well-versed in contracts, marketing, advertising and sales. To the extent any common concern has been identified with respect to business contracts with ISPs it relates to the legitimacy and amount of the ECF when a contract has been automatically renewed and the automatic renewal provisions contained in some contracts. If this concern requires regulatory intervention, a more surgical approach would be appropriate than simply the inclusion of small business for all purposes under the Internet Code. Since the issue seems to arise out of a lack of awareness on the part of the customer of the automatic renewal provisions of their contracts, or a failure by the customer to recollect such provisions, the issue should be addressed not by making small business contracts subject to the Internet Code for all purposes, but rather by mandating that advance notification be provided to customers of the automatic renewal of their contracts on a timely basis and in a manner which is most likely to come to the customer's attention. For example, today Bell Canada provides written notice on upcoming auto-renewals to new small business customers by e-mail in advance of the auto-renewal, and also immediately after it has occurred, to remind customers of that the contract has renewed if they wish to make any changes. This arrangement could be codified by including provisions regarding notifications in the event of automatic contract renewals in the Internet Code, applying them to small business customers and including small business in the Internet Code for this purpose only.

#### **4.0 CONTENT OF A CODE**

17. The general direction set out in the draft Internet Code is in line with our own efforts and initiatives to improve and simplify our customers' experience.

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<sup>16</sup> Ibid, page 45.

18. We agree with the plain language approach that the proposed Internet Code has adopted. To make Internet contracts transparent and accessible to all Canadians, they should be "written and communicated in a way that is clear and easy for customers to read and understand"<sup>17</sup>.

#### **4.1 Clarity of Offers**

19. We support Option 1 as it addresses the leading cause of customer frustration about the retail sales practices of telecommunications service providers (TSPs), as succinctly summarized by the CCTS during the recent sales practices proceeding<sup>18</sup> which is the mismatch between what customers think they are going to get and what they actually get<sup>19</sup>. Option 1, like a similar provision in the TVSP Code<sup>20</sup>, requires offers to be clearly explained in all communications with consumers. It also requires the key elements of the offer (duration, price after time-limited promotions expire, and obligations associated with the offer, like ECFs) to be disclosed upfront as part of the offer so consumers understand the nature of the arrangement they are proposing to enter into from the beginning. This should reduce the opportunity for a mismatch between customer expectations and the terms of the agreement they choose to enter.

20. The alternative set out in Option 2 which would require ISPs to make a written pre-sale critical information summary (CIS) available to consumers as a comparison shopping tool within 24 hours of making a specific offer to a consumer, containing even more mandated content, is not required to address the underlying issue of the mismatch between consumer expectations and the reality of the actual contractual arrangements with the ISP. At the same time, it would require ISPs to incur significant new costs in order to implement a completely new pre-sale requirement in all sales channels. This is inconsistent with an approach to regulation that is efficient and effective. The Commission is required by the Policy Direction to use regulatory measures that are efficient and proportionate to their purpose and that interfere with the operation of competitive market forces to the minimum extent necessary to meet the policy objectives. This approach was also rejected by the Commission both at the time the Wireless Code was created and as part of its more recent review of the Wireless Code.

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<sup>17</sup> TNC 2018-422, Appendix 1 (A)(1)(ii).

<sup>18</sup> Telecom and Broadcasting Notice of Consultation CRTC 2018-246, *Report regarding the retail sales practices of Canada's large telecommunications carriers* (TBNC 2018-246).

<sup>19</sup> TBNC 2018-246, Transcript volume 1, Line 36, 22 October 2018.

<sup>20</sup> BRP 2016-1, Appendix, Section II – "Clarity of offers".

21. In addition, given the highly dynamic nature of our communications markets, it is possible, if not likely, that what was the "best" deal for the consumer at the time the CIS quote is generated will no longer be the "best" deal when the consumer actually seeks to enter into a service contract with the ISP. This will actually create consumer confusion and potentially increase the prospects for further mismatches of consumer expectations.

#### **4.2 Critical Information Summary**

22. We support Option 1 which requires an ISP to provide a CIS to the customer when the sale has been completed and a permanent copy of the contract is provided to the customer, for all the reasons set forth in paragraphs 19 to 21 above. In addition, given the nature of the information proposed to be contained in the CIS, it is better suited for delivery when the contract is delivered as a summary of the actual contract. This will assist the consumer in understanding the contract terms, keeping in mind that in our proposed scenario the consumer would already have received an offer which clearly set out the elements of Option 1 prior to entering into the contract. In addition, the consumer will be entitled to a reasonable cooling off period (as discussed below), entitling them to walk away without payment of an ECF if the contract fails to meet their expectations.

#### **4.3 Notification – Data Overage Charges**

23. We support Option 1 consistent with the expectations set out in TRP 2016-496<sup>21</sup> with which we comply. ISPs are already required to notify customers who incur overage about account management tools (which ISPs are required to provide), the data usage associated with common online activities (which ISPs are also required to provide) and alternative plans that may better suit the customers needs, which the customer is best positioned to determine.

24. Option 2, which is adapted from the Wireless Code, was intended to address specific consumer concerns about wireless services. It is overly prescriptive in requiring data caps, along with the ability to suspend service, when tools can be, and have been, made available to help consumers manage their accounts and understand the data usage associated with common online activities. In addition, unlimited plans for Internet services are widely available, eliminating the possibility of bill shock. This is different from the wireless market, where

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<sup>21</sup> Telecom Regulatory Policy CRTC 2016-496, *Modern telecommunications services – The path forward for Canada's digital economy*, paragraphs 235 to 240.

unlimited plans are rare, given the different technology used to deliver wireless services, and its inherent limitations.

25. The costs of implementing caps in real time for Internet services and the risks of suspending Internet services to an entire household if the accountholder is unavailable to approve overage are out of proportion to the harm sought to be remedied given the lack of evidence that this is a significant issue for consumers.

#### **4.4 ECFs**

26. The proposed formula for the determination of ECFs is inappropriate in the context of Internet services. The mandated calculation of an ECF based on the lesser of \$50 or 10% of the minimum monthly charge for the remaining months of the contract, up to a maximum of 24 months, is entirely inadequate given the costs associated with the installation of Internet services and the average cost of monthly services<sup>22</sup>.

27. The proposed formula is also inconsistent with the fundamental legal principle that an early cancellation fee should be a genuine pre-estimate of the damages suffered by the wronged party when a fixed term contract is terminated early. The purpose of an ECF is to keep parties whole.

28. Given the inadequate nature of the proposed ECF formula, all contracts would effectively become month-to-month from the consumer perspective; therefore, there would be little incentive from an ISP perspective to providing any benefit to the consumer in return for a longer commitment period.

#### **4.5 Trial period/cooling off period**

29. We support the concept of a 30 day mandated cooling-off period, when a consumer agrees to a contract under which they would be subject to an ECF. The purpose of the cooling off period is to ensure that consumers are satisfied with their contractual arrangements and is able to exit the contract without payment of an ECF if they are not satisfied for whatever reason.

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<sup>22</sup> Bell Canada cost of acquisition for Internet standalone is over #, with TV it is over #.

30. In our view such a "cooling off" period is, and should be, different from a "trial period" in which generally a certain amount of usage is provided without charge while the consumer determines whether the service is actually suitable for their needs.

31. Customers should be required to pay for services consumed during the cooling off period but be able to exit the contract without payment of an ECF. Otherwise, a cooling off period of up to 30 days will be subject to abuse. Consumers could switch service providers monthly without incurring any service or usage charges. These types of unintended consequences are to be avoided and the Internet Code should ensure that unnecessary costs are not imposed on industry causing price increases for all consumers, if abuse were to become pervasive.

## **5.0 IMPLEMENTATION**

32. When the Internet Code comes into effect, it should only apply to new contracts and amended contracts (Option 1). This is the simplest, most efficient and effective way of moving forward. It draws a clean line at a date certain. By expressly applying the new Internet Code solely to agreements entered into after the coming into force date, there will be less confusion in the market and, since there are fewer fixed term contracts available for Internet services than there were for wireless services, most consumers will not be disadvantaged. The market for Internet services is clearly distinguishable from the market for wireless services; therefore, the Wireless Code precedent should not apply<sup>23</sup> and application of the new Internet Code to existing contracts in some manner (Options 2, 3 and 4) should be rejected for several reasons.

33. First, any retrospective application of the Internet Code will create confusion for consumers about the terms of their agreements by altering the legal consequences of past transactions. New Internet Code-consistent terms will be different from the written terms of their existing agreements and despite all our best efforts, many consumers will be unaware of the provisions of the new Internet Code. Furthermore, it is impossible to retrospectively comply with new rules regarding pre-contract disclosure, which is an important aspect of the proposed Internet Code.

34. In addition, consumer understanding of the Internet Code, and consumer confidence, will very likely be undermined if consumers file complaints about their pre-existing contracts and are

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<sup>23</sup> Telecom Regulatory Policy CRTC 2013-271, *The Wireless Code*, paragraph 369.

required to be told, after the fact, that while certain sections of the Internet Code apply, as mandated by the Commission, others do not and, therefore, their complaint cannot be adjudicated.

35. Finally, it is important not to discount the administrative complexity that will be created by the application of the Internet Code, in whole or in part, to contracts formed before the Internet Code comes into force. To the extent these contracts are of indeterminate term and renew on a monthly basis they will be captured by Option 1 in any event; therefore, new contract documents which comply with the Internet Code will need to be provided to each of these month to month customers as their contracts renew after the Internet Code comes into force, even in the context of Option 1.

36. There are likely to be significant variations in the time required by ISPs to implement any Internet Code, counted from the date of issuance of the Commission's Code decision. These variations will mostly be dependant on the systems engaged by the Internet Code requirements and the number and nature of the changes required to be made by the relevant ISP. Even within our various divisions, the number and nature of the systems changes required will be different.

37. However, regardless of the ultimate implementation timetable selected by the Commission, symmetry requires that all ISPs subject to the Internet Code be treated alike in terms of being subject to the same deadlines, absent extraordinary circumstances.

## **6.0 ADMINISTRATION**

38. The CCTS is by far the body most qualified and already best equipped to administer an Internet Code. Canadian ISPs are already required pursuant to a mandatory condition issued under section 24 of the *Telecommunications Act* (the *Act*) to be members of the CCTS, or, if they are not yet members, to become so within five days after becoming the subject of a complaint<sup>24,25</sup>.

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<sup>24</sup> Telecom Regulatory Policy CRTC 2011-46, *Review of the Commissioner for Complaints for Telecommunications Services*, paragraph 18.

<sup>25</sup> See CCTS Participating Service Providers at: <https://www.ccts-cprst.ca/about-ccts/participating-service-providers/>.

39. The CCTS has the infrastructure, staff and expertise in place to administer an Internet Code in light of its current responsibilities for the administration of the Wireless Code, the TVSP Code and the Deposit and Disconnection Code<sup>26</sup> and is already responding to consumer concerns and complaints about Internet services, in the absence of an Internet Code, under its existing mandate.

## **7.0 ENFORCEMENT**

40. In its review of the CCTS' operations in 2015<sup>27</sup> and its more recent review of the Wireless Code, the Commission concluded that no changes to the CCTS' remedies were required. The CCTS' remedies include the following:

- (i) Providing a customer with an explanation or an apology;
- (ii) An undertaking to do or cease doing specified activities with respect to the customer; and
- (iii) Monetary compensation up to \$5,000.

41. In our view, the mandatory status of the Commission's section 24 condition requiring membership in the CCTS along with a mandatory section 24 condition requiring compliance with the Internet Code, combined with the existing remedies available to the CCTS and the Commission's own enforcement powers should be more than sufficient to ensure that ISPs comply with the Internet Code.

## **8.0 PROMOTION**

42. It is important that consumers are equally aware of both their rights and responsibilities in connection with their Internet contracts and that the requirements of a new Internet Code are well understood by both consumers and ISPs. Promoting the Internet Code should be the joint responsibility of the Commission, the CCTS, ISPs and consumer groups. ISPs should be required to: (a) ensure that their customer service representatives are (i) knowledgeable about the Internet Code; (ii) able to effectively describe the Internet Code's provisions; and (iii) able to explain recourse options for customers; (b) provide a prominent link to the Internet Code on

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<sup>26</sup> Telecom Decision CRTC 2011-702, *CISC non-consensus report – Draft Deposit and Disconnection Code*.

<sup>27</sup> Broadcasting and Telecom Regulatory Policy CRTC 2016-102, *Review of the structure and mandate of the Commissioner for Complaints for Telecommunications Services Inc.*

their websites; and (c) provide information about where consumers can find information about the Internet Code in each of their Internet contracts.

43. Any other public awareness initiatives should concentrate on online communications, particularly light of the nature of the code. Research has found that the Internet is the single most important information source for people trying to solve problems with their service providers<sup>28</sup>.

## **9.0 HOW CODE'S EFFECTIVENESS SHOULD BE ASSESSED AND REVIEWED**

44. The success and effectiveness of the Internet Code should be assessed based on the total number of complaints about Internet services, measured on a year over year basis after the Internet Code is implemented, as reported by the CCTS. The reported number of Internet Code breaches as reported by the CCTS and the nature of those breaches would also be indicative of the effectiveness of the Internet Code and could be made available in the CCTS Annual Report, like the CCTS currently reports on Wireless Code, TVSP Code and Deposit and Disconnection Code breaches.

45. The Commission can issue guidance or clarification in relation to an Internet Code in response to applications from ISPs or other parties, as it has frequently done in the case of the Wireless Code. The willingness of the Commission to provide clarification on how the Internet Code is intended to apply should mitigate the need for frequent comprehensive reviews of the Internet Code.

46. Consistent with the Commission's practice in reviewing the effectiveness of the CCTS, we consider that an Internet Code should next be reviewed in five years.

## **10.0 CONCLUSION**

47. While regulation of Internet contracts may be required to protect consumers, over-regulation can result in unnecessary barriers to innovation and economic growth. Therefore, the Commission must strike the appropriate balance between creating a single clear mandatory national standard for consumer contracts for Internet services, while preserving the flexibility ISPs require to respond to dynamic market conditions and vigorously compete for customers. With the modifications we have proposed, in our view the Internet Code will support smart

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<sup>28</sup> See: <http://libraries.pewinternet.org/2007/12/30/information-searches-that-solve-problems/>.



efficient and streamlined processes and avoid needless duplication while at the same time enhancing consumer understanding of their rights and responsibilities under their contracts for Internet services.

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