



**Telecom Notice of Consultation CRTC 2018-98**

# **Lower-Cost Data-Only Plans for Mobile Wireless Services**

**CRTC Reference No: 1011-NOC2018-0098**

**Intervention of OpenMedia and the Canadian Internet Policy & Public  
Interest clinic (CIPPIC)**

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1. The Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic (CIPPIC) and OpenMedia are pleased to provide their joint intervention in Telecom Notice of Consultation CRTC 2018-98, which seeks to address a “noticeable gap” in entry-level data-only plans in the Canadian wireless market.

2. In Telecom Decision CRTC 2018-97, the CRTC recognized a lack of choice in innovative and affordable mobile wireless services in Canada, a deficiency that detrimentally affected Canadians with low household incomes in particular.<sup>1</sup> TD CRTC 2018-97 further identified a “noticeable gap” in Canada’s mobile wireless market with respect to low-cost data-only plans, and held that addressing this noticeable gap will mitigate the general lack of choice in innovative and affordable mobile service offerings.<sup>2</sup>

3. Specifically, in TD CRTC 2018-97, the Commission held that it would take steps to address this gap and initiated the current proceeding with the objective of determining attributes of low-cost data-only plans that would address the lack of choice of innovative and affordable wireless services, and to take steps to facilitate broader availability of such plans.

4. As a starting point, the Commission directed Canada’s three national wireless carriers to submit proposals for national lower-cost data-only plans that could be offered in view of the identified gap in choice of innovative and affordable services. In response:

- Bell proposed a data-only plan that would provide 500 MB of monthly data usage for \$30 per month,<sup>3</sup>
- Rogers proposed 400 MB for \$25 per month;<sup>4</sup> and
- Telus suggested 600 MB at \$30 per month.<sup>5</sup>

5. As CIPPIC and OpenMedia argue below, these proposals are not only deficient in their capacity to meet the Commission’s objectives as set out in the consultation but, if held to be a sufficient basis for fostering the innovation and affordability envisioned by the CRTC, counterproductive.<sup>6</sup> In light of

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<sup>1</sup> Telecom Decision CRTC 2018-97, *Reconsideration of Telecom Decision 2017-56*, March 22, 2018, CRTC Reference No: 1011-NOC2017-0259, para 98.

<sup>2</sup> Telecom Decision CRTC 2018-97, *Reconsideration of Telecom Decision 2017-56*, March 22, 2018, CRTC Reference No: 1011-NOC2017-0259, para 98.

<sup>3</sup> Bell, submitted on April 23, 2018 on the record of Telecom Notice of Consultation CRTC 2018-98, *Lower-cost data-only plans for mobile wireless services*, March 22, 2018, CRTC Reference No: 1011-NOC2018-0098, para 8.

<sup>4</sup> Rogers, submitted on April 23, 2018 on the record of Telecom Notice of Consultation CRTC 2018-98, *Lower-cost data-only plans for mobile wireless services*, March 22, 2018, CRTC Reference No: 1011-NOC2018-0098, para 3.

<sup>5</sup> TELUS, submitted on April 23, 2018 on the record of Telecom Notice of Consultation CRTC 2018-98, *Lower-cost data-only plans for mobile wireless services*, March 22, 2018, CRTC Reference No: 1011-NOC2018-0098, para 20.

<sup>6</sup> Telecom Notice of Consultation CRTC 2018-98, *Lower-cost data-only plans for mobile wireless services*, March 22, 2018, CRTC Reference No: 1011-NOC2018-0098, para 7.

these deficiencies and the counterproductive nature of these proposals, it is clear that the Commission must impose a price ceiling and capacity floor through a section 24 condition of service if it wishes to achieve its objective of mitigating the gap in choice in innovative and affordable services it has identified.

6. Below, we elaborate on the manner in which the plans proposed by the national wireless providers fail to meet the Commission’s objective as set out for this proceeding. Specifically, we note that: (a) the proposed data amounts fall below what consumers realistically use over a monthly period; (b) the proposed monthly plan costs are not affordable; and (c) the proposed price for each gigabyte of data is much higher than the rate that is currently charged. We would instead propose low-cost data only plans of \$20 per month for 10 GB of data or, in the alternative, of \$14 per month for 6 GB of data.

### **Proposed Monthly Data Amounts are Too Low**

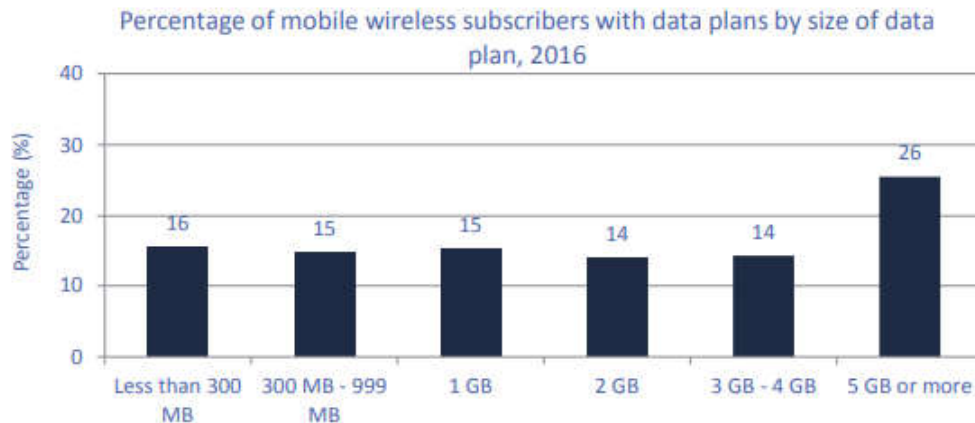
7. The amount of data in data-only plans should be reasonable and meaningful to consumers. The data plans submitted by Bell, Rogers, and Telus contemplate 400-600 MB of data per month. However, the average Canadian consumer uses about 1.5 GB of data on a monthly basis when subscribed to a plan that is *not* limited to data (ie, a plan that includes voice and SMS components). The proposed data amounts, therefore, are too low and do not adequately reflect the current data needs of Canadians. Low-cost data-only plans should seek to stimulate usage rather than deter it.

8. During 2016, Canadians with a data plan used an average of 1.5 GB per month on their mobile phones, and usage is growing at approximately 13% per year.<sup>7</sup> The OECD average in 2016 was 2.3 GB, and at the time Canada was ranked amongst the lowest of its peers in terms of average monthly usage (23<sup>rd</sup> out of 33 countries) and well behind countries such as Finland, Latvia, and Austria, where *average* monthly wireless usage was already in the 6-10 GB range in 2016.<sup>8</sup> In the same year, only 26% of Canadians were subscribed to a mobile data plan with over 5 GB of data per month:

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<sup>7</sup> CRTC, Communications Monitoring Report 2017, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2017/cmr2017.pdf>, Table 5.5.6.

<sup>8</sup> OECD, Digital Economy Outlook 2017, “Figure 3.35: Mobile Data Usage per Mobile Broadband Subscriptions, 2016”, <http://dx.doi.org/10.1787/888933585343> (xlsx).



Source: CRTC 2017 Communications Monitoring Report<sup>9</sup>

By 2019, North American data usage is projected to climb to 10.8 GB per month, yet, if current conditions persist, Canadian monthly usage is only projected to climb to 6.1 GB per month.<sup>10</sup> These usage scenarios, we note, are predominantly based on plans with mixed data, SMS and voice components. A viable data only plan would need to be much higher.

9. On Bell’s \$30/500 MB proposal, a person using the average 1.5 GB would incur 1 GB worth of penalties in data overage fees. One of the key objectives of data-only plans is to facilitate reliance on VoIP applications. In this regard, Bell’s proposed monthly usage bundle would be fully exhausted by 5 hours of lowest quality Skype calling.<sup>11</sup> An audio-only skype call consumes approximately 0.75 MB per minute.<sup>12</sup> The CRTC’s second lowest phone call usage basket includes 450 minutes of voice calling.<sup>13</sup> This amounts to 335 MB, leaving subscribers with less than 160 MB of data for innovative applications and services. The CRTC’s next highest calling basket includes 1,200 minutes or 900 MB, well in excess of the 500 MB monthly allotment proposed by Bell. In addition, CIPPIC notes that instant messaging applications can transmit images several hundred kilobytes. While the CRTC does not distinguish between SMS and MMS in its average usage scenarios, if even 10% of the 500 SMS/MMS messages sent

<sup>9</sup> CRTC, Communications Monitoring Report 2017, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2017/cmr2017.pdf>, Figure 5.5.13.

<sup>10</sup> GSMA, “The Mobile Economy: North America 2015” (October 2018), <https://www.gsmaintelligence.com/research/?file=10bf6e45b6a9705c44b78b7d566f76e6&download>, 11.

<sup>11</sup> CRTC, Communications Monitoring Report 2017, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2017/cmr2017.pdf>, Table 5.3.13.

<sup>12</sup> Skype, “How Much Bandwidth Do I Need for Calls?": Calling, Recommended Download/upload speed: 100 kbps, <https://support.skype.com/en/faq/FA1417/how-much-bandwidth-does-skype-need>. Conversion to Mb per Minute: 100kbps / 1,000 kb per Mb \* 60 seconds = 6 Mb per minute. Conversion to megabytes: 6 mb per minute / 0.125 megabytes per megabit = 0.75 MB per minute.

<sup>13</sup> CRTC, Communications Monitoring Report 2017, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2017/cmr2017.pdf>, p 57.

by each subscriber on average per month in 2016 were images or videos, this would further inflate the basic data consumed by its data-only substitute.<sup>14</sup>

10. The data increments put forward by Bell, Rogers, and Telus are unrealistic in light of both the current and projected data-needs of consumers. Even today, consumers would need to purchase additional data on top of the proposed plans to satisfy their monthly data requirements, which add up significantly in cost. Low cost data-only plans should not only meet current needs, but anticipate and even stimulate future growth.

11. We note that some of the national wireless carriers defend their low-cost data only plans on the basis that much usage will occur on WiFi networks and would therefore not consume monthly data. However, WiFi networks can be used without *any* data plan *at all*. The merits of a data-only plan are dependent on its ability to facilitate data usage *without* WiFi. In addition, it is notable that the average and comparative data usage scenarios outlined above are all in addition to WiFi.

12. CIPPIC and OpenMedia therefore respectfully submit that data-only usage plans should not fall below 6 GB of data per month. This would be in alignment with current projected Canadian average usage in 2019, which is when these plans are likely to enter the marketplace if imposed by the Commission as a condition of service. However, the average usage projections in question are premised on user needs that are primarily defined in mix usage plan (data plus voice plus text) scenarios. A more forward looking low-cost data-only plan would include closer to 10 GB per month of data.

### **Proposed Monthly Plan Prices are Too High**

13. The price of the monthly data-only plans should be affordable. The data-only plans submitted by Bell, Rogers, and Telus range from \$25 to \$30 a month. The data-only plans are intended to be a low-cost alternative to current cellphone plans. The proposed data-only plans offer meager amounts of data for the retail price stipulated. As mentioned earlier, Canadians would inevitably incur steep data overage fees if relying on these proposed data-only plans to meet their needs.

### **Proposed Cost Per Gigabyte of Data is Too High**

14. The data-only rates must also be competitive in terms of the per GB rate they levy. On a pro-rated basis, the national wireless carriers have *all* offered far more competitive data rates.

15. TELUS, Bell and Rogers have all offered far more competitive pricing packages. As recent as December 2017, each of the national carriers offered plans that included 10 GB of data, unlimited

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<sup>14</sup> CRTC, Communications Monitoring Report 2017, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2017/cmr2017.pdf>, Table 5.5.6.

nation-wide texting and unlimited nation-wide calling for \$60 per month.<sup>15</sup> The unlimited talk and text components of these packages are currently rated in stand-alone no-data packages as \$50/month by Bell,<sup>16</sup> \$40/month by Rogers,<sup>17</sup> and \$45/month by TELUS.<sup>18</sup> Subtracting the value of a standard unlimited talk and text plan from the December 2017 offerings yields 10 GB data only plans for Bell, Rogers and TELUS of \$10, \$20 and \$15 (or between \$1-2 per GB) per month, respectively. By contrast, the national carriers propose to charge \$30, \$25 and \$30 for 500 MB, 400 MB and 600 MB, respectively.

16. On the basis of these rates, a *generous* per GB rate for a data-only plan would be in the range of \$1.5 per GB per month in addition, a reasonable \$5 per month for basic account management rate.<sup>19</sup> Building on our recommended monthly usage proposals, this would amount to: \$14 / month for a 6 GB plan or \$20 / month for a 10 GB plan.

## Conclusion

17. The Commission's objective behind this public consultation process is to ensure that low-cost data-only plans are widely available to Canadians.<sup>20</sup> The Commission's view is that if more lower-cost data-only plans were available in the marketplace, consumers could take advantage of innovative applications, such as voice and messaging apps, which offer affordable alternatives to wireless carriers' voice and text messaging services.<sup>21</sup>

18. The data-only plans proposed by the national wireless carriers are unlikely to encourage innovation in Canada's wireless industry because they present no real advantage over currently available data, talk and text packages.

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<sup>15</sup> Rose Behar, "Bell won the \$60/10GB promo pricing wars" (8 February 2018), *Mobilesyrup*, online: <<https://mobilesyrup.com/2018/02/08/canada-10-gig-promo-plan-war/>>; Gary Ng, "Rogers offering the \$60/10GB plan to some BOYD Customers" (2 April 2018), *iPhone in Canada*, online: <<http://www.iphoneincanada.ca/carriers/rogers/rogers-60-10gb-plan-byod/>>; Sophia Harris, "Missed out on the \$60 10GB cellphone plans? Experts bet more deals are coming" (20 December 2017), *CBC*, online <<http://www.cbc.ca/news/business/cellphone-deals-data-1.4457183>>.

<sup>16</sup> Bell Mobility Canada, Ontario Rate Plans, Basic Phone Plans (accessed 5 June 2018), online: <[https://www.bell.ca/Mobility/Cell\\_phone\\_plans/Talk-and-Text-plans](https://www.bell.ca/Mobility/Cell_phone_plans/Talk-and-Text-plans)>.

<sup>17</sup> Rogers, Basic Phone Plans (talk and text), Unlimited Canada-Wide Minutes, (accessed 5 June 2018), online: <<https://www.rogers.com/consumer/wireless/basic-phone-plans>>.

<sup>18</sup> Telus Mobility, Ontario Talk & Text Plans, Voice 45 (accessed 5 June 2018), online: <<https://www.telus.com/en/on/mobility/plans#talk-and-text-plans>>.

<sup>19</sup> Bell Mobility Canada, for example, charges between \$5 / month for an entry level monthly prepaid voice plan: [https://www.bell.ca/Mobility/Cell\\_phone\\_plans/Prepaid\\_plans](https://www.bell.ca/Mobility/Cell_phone_plans/Prepaid_plans) (accessed June 13, 2018), "Prepaid 10 minutes".

<sup>20</sup> CRTC Consultation, *supra* note 2 at para 8.

<sup>21</sup> CRTC Decision, *supra* note 1 at para 103.



19. If there is no force motivating consumers to switch to data-only plans, the demand for business models and technological solutions that supplement voice and messaging services will not rise. With no rise in demand, developers will have little impetus to invest in innovative and creative applications to supplement data-only plans, hindering the introduction of low-cost options. Because the proposed data-only plans are unlikely to create meaningful options in the marketplace, the plans will not inspire the kind of innovation in Canada's telecommunications industry that the CRTC envisions.

20. In addition to innovation, the proposed data-only plans are also unlikely to promote the Commission's affordability goal. As the preceding discussion illustrates, the amount of data the carriers have introduced under their monthly data-only plans is wholly out of touch with the existing and evolving data needs of ordinary Canadians. The carriers' have submitted proposals in 2018 that contemplate 400-600 MB of monthly data when statistics show that the average data-needs of Canadians was about 1.5 GB back in 2016 – a figure already staggeringly low by OECD standards and, moreover, is premised on usage measured in predominantly mixed data / voice / text contexts.

21. In summary, the proposals Bell, Rogers, and Telus' have put forward to the CRTC are unlikely to create meaningful options for consumers because they provide no real advantage over existing cellular data packages. The proposals are also more expensive than existing data packages. As a result, Canadians are highly unlikely to see any benefits either in the form of innovation or affordability.

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