

3) How do you feel about the current pricing of high-speed Internet? Please mark (X) on all that apply.

- | | |
|--|--|
| <input type="checkbox"/> Reasonable, and I can afford it. | <input type="checkbox"/> Extremely high and I can't afford it, so I cancel my service from time to time. |
| <input type="checkbox"/> Too high, but I can afford it. | <input type="checkbox"/> So expensive that I cannot afford it. |
| <input type="checkbox"/> Extremely high; I can barely afford it. | Other: |
| <input checked="" type="checkbox"/> Extremely high; I can't afford it, but because I need it I take money out of my: | <u> MEDICATION </u> |
| <input checked="" type="checkbox"/> Food budget | _____ |
| <input checked="" type="checkbox"/> Recreation budget | _____ |
| <input checked="" type="checkbox"/> Rent | _____ |
| <input type="checkbox"/> Other budget item. | _____ |

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Just the Basics

The CRTC is looking at basic telecom services and whether the internet is essential for all Canadians

Is access to the Internet essential for Canadian life, and is it affordable? These are the questions at the heart of the review of basic telecommunications services being conducted by the CRTC. The answers given will change the requirements telecommunications providers will have to meet to offer their services to Canadians. Matching these requirements to the needs of Canadians is a difficult but crucial task for the CRTC.

The question: "Is telecommunications essential?" was posed previously by the CRTC – in the late 1990s – for wireline telephone service. The CRTC answered that it was. They also specified the quality of service that had to be offered to be considered "basic": touch-tone access; flat-rate local calls; access to the long distance network; a copy of the local telephone directory and access to the internet at dial-up speeds.

The CRTC also required telecom companies to contribute to subsidizing the cost of telephone services in "high cost serving areas". These are areas where the cost of providing service is higher than the prices (and resulting revenue) that can be reasonably charged by telecom providers in these areas (largely rural, remote and northern communities). Although this subsidy is raised from subscribers rates, many Canadians still are unaware that they have been helping all Canadians have access to high quality telephone service at reasonable prices, anywhere in Canada.

Now, the Affordable Access Coalition (a group consisting of PIAC, ACORN Canada, the Council of Senior Citizens' Organizations of B.C. (COSCO), the Consumers' Association of Canada (CAC), and the National Pensioners' Federation (NPF)) are making the case that broadband has to be added to the telephone as an essential telecommunications service for Canadians.

“There should be no question that access to high speed internet should be a right of all Canadians,” Geoff White, Counsel to PIAC asserts. “It’s absolutely essential for connecting to others, for accessing the digital economy, accessing important government services, for education, for creating small businesses, and so much more. The same way that the CRTC recognized that the telephone was an essential service for all Canadians, the case for broadband internet access for all is even more compelling,” he adds.

If broadband is essential to all, should it also then be affordable to all? This is a question PIAC has delved into extensively in its report released earlier this year: “No Consumer Left Behind: A Canadian Affordability Framework for Communications Services in a Digital

Age”. PIAC found indications that many Canadians were sacrificing funds from their food budget, rent, and in certain cases, even medication to maintain broadband access. The report recommended that Canada establish an explicit, enforceable universal service obligation for telecommunications and broadcasting services, and require communications services to be affordable to all Canadians. PIAC presently is researching a follow-up report to attempt to quantify the affordability problems of Canadians and to propose further solutions. Meanwhile though, as part of the AAC, PIAC has spearheaded arguments at the CRTC that affordability of internet service is as essential as access to the internet.

“Lower income Canadians told us they need communications to fully participate in society, now more than ever,” said Alysia Lau, PIAC Legal Counsel and co-author of the report and PIAC’s counsel within the AAC. “They are trying to cope, but they also need more control over what they spend, and more choice of services.”

The AAC in its filings with the CRTC has proposed a “Broadband Deployment Subsidy Mechanism” which would have telecom companies put aside approximately 1% of their revenues each year into a fund which would be distributed through a competitive bidding process to companies willing

to serve areas where broadband access was “above cost”. Additionally, the AAC proposed an Affordability Funding Mechanism levied at a similar percentage, but which would be reserved for low-income Canadian households who subscribe to telecom services – so that they can apply the discount towards one of those services and make them more affordable.

Finally, the CRTC must decide, if broadband is an ‘essential service’, what would be an acceptable level (for example, minimum download and upload speeds) to be considered a basic service – much as they did for the minimum service characteristics of telephone service in the 1990s.



Photo Credit: Richard Webster
The PIAC BSO Team L to R:
Alysia Lau, John Lawford, Geoffrey White, Cynthia Khoo

“There should be no question that access to high speed Internet should be a right of all Canadians.”

“I think we definitely would like to see broadband internet included as a basic telecom service and at significantly higher speeds than the aspirational targets now, which are 5 Mbps download speed and 1 Mbps upload speed,” Lau noted of PIAC’s hopes for the decision. “We would like to see 20 Mbps download and 3 Mbps upload as the minimum by 2020. We think that’s what Canadian households will need going into the future, and those are the kind of speeds you would need if Canada wants to be competitive with other countries.”

The CRTC will be asking for public comment on these questions in the very near future to gather a better idea from Canadians themselves regarding their opinions on broadband services. This will be followed by a CRTC hearing in April 2016 where PIAC with the AAC will be working to make broadband affordable and accessible to consumers.



Schrödinger's Streaming Music Plan

If you stream the music but the data doesn't exist, did you really listen to Adele's new album? Or is your telecom provider unjustly discriminating against the rest of the net?

Streaming has become the fastest growing method of selling access to music – a point not lost on wireless providers who know consumers like to listen on the go. But this seemingly “win-win” scenario can become a “loss” for equal treatment of consumer internet traffic if telecom companies can prioritize or discount data that is used for streaming audio or video.

In September of 2015, PIAC, along with Council of Senior Citizens Organizations of BC and the Consumers Association of Canada, filed an application against Vidéotron and its new “Unlimited Music” service, which offers free streaming of music – that is, there is no counting of, and thus no charge for, the data consumers use to listen – though only for audio and only for the “right” services, such as Spotify, Stingray, Rdio, and Google Music.

“By allowing unlimited streaming of specific types of online content for certain providers, Vidéotron is favoring itself and its streaming partners,” stated Geoff White, Counsel to PIAC. “Vidéotron is treating a very small subset of internet traffic differently. They’re doing so in such a way that, since they aren’t being charged any rates or overages, customers are obviously going to favour that content.”

White continued, “Vidéotron’s role as a traditional telecom provider in the eyes of telecom law, is to just pass information from point A to point B. Now they are inserting themselves in an editorial manner, in a way that is helping move end-users towards certain content by favoring the way in which it’s treated from a billing perspective.”

This isn’t the first time that PIAC has intervened when a provider has threatened discrimination against certain types of internet traffic (sometimes described as a violation of “net neutrality” – but in fact a long-standing prohibition as well in telecommunications law) with a streaming service. Bell Mobility made available

CONTACT INFO

PUBLIC INTEREST ADVOCACY CENTRE

1 NICHOLAS STREET
SUITE 1204
OTTAWA, ONTARIO
K1N 7B7

www.piac.ca
piac@piac.ca
613-562-4002

ABOUT PIAC

PIAC is a non-profit organization and registered charity that provides legal and research services on behalf of consumer interests, and, in particular, vulnerable consumer interests, concerning the provision of important public services. Charitable registration number:

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OUR TEAM

John Lawford
Executive Director/General Counsel

Michael Janigan
Special Counsel, Consumer and
Regulatory Affairs

Geoff White
Barrister & Solicitor/Counsel to PIAC

Alysia Lau
Legal Counsel

Jonathan Bishop
Research & Parliamentary Affairs
Analyst

Cynthia Khoo
Articling Student

Donna Brady
Office Administrator

a similar offer with its 'Mobile TV' application. Customers were allowed viewing of Bell owned or controlled streaming video, at reduced prices, so long as it was seen through Bell's app. In that case, the CRTC ruled Bell's Mobile TV app left competitors with an undue disadvantage, as Bell was showing preference to its own services over the data of any other party providing data (including competing content), a violation of the Telecommunications Act. That case is now before the Federal Court of Appeal, but PIAC contends in its application that it is effectively similar to Vidéotron's current program.

John Lawford, Executive Director of PIAC points out that what makes this "zero-rated" streaming music a bad deal for consumers is the stifling effect it has if you're not on board with the telecommunications company providing access to the internet. "For innovators and rival streaming music providers, your only way through the door with these types of deals in place is through big service providers. Some may not have the money to compete, others could find that there's just no room."

"Many other companies would be tempted or forced to copy the same approach if it were allowed and then you would carve up the internet into deals," Lawford explained. "You would end up with a situation where one provider will get you this piece of the 'net and another with this piece. It's not the kind of approach we prefer and it certainly harms innovators. How do you get in? By making deals with telecom providers with large subscriber bases. They're not going to want to harm those already inside, so why let in an outsider? How do you develop a critical mass of listeners without free access to all subscribers?"

PIAC is hoping that the precedent set in the Bell Mobile TV case was a clear stance by the CRTC against this kind of subscription deal. While, as noted, that case is under appeal, consumers need a mobile internet connection that is unfettered by corporate deals with service providers. No data should be treated differently for a price. The case is still in before the CRTC, but PIAC hopes for a swift resolution to the issue in Spring 2016.

Life Lines

Get the Skinny: One easy CRTC decision that can slim down your cable bill

Beginning March 1, Canadian TV customers will be able to elect a "skinny" basic television package from their TV provider for \$25 per month or less. The CRTC decided earlier this year that all TV companies would be required to offer their customers a "skinny basic" in addition to some of their larger television packages. Canadians' local skinny basic will include channels such as:

- All their local and regional over-the-air television stations, including the CBC (or ICI Radio-Canada);
- Their provincial legislature and educational channels;
- Their local community channels; and
- Channels such as APTN, TV5, The Weather Network, AML, and CPAC.

TV providers may also choose to include American network stations and local radio stations in the basic television package.

TV customers should also start to see more "consumer friendly" flexible packaging options for all other channels outside of basic. The CRTC decided that television service providers must begin to offer all channels either à la carte ("standalone") or in small packages of up to 10 channels. Canadians should stay tuned and begin asking their service providers about these options if they're interested in March 2016.

In the CRTC's Let's Talk TV consultation, PIAC and five other groups advocated for more consumer choice and flexibility in television packages and offerings. This included both a "skinny basic" package and "pick and pay" options such as à la carte channels and customizable packages.



Bad Advice

Unregulated financial services can create confusion and uncertainty amongst consumers

How you handle your money now can make a big difference in what you can afford later. It can be difficult to figure out a plan or where to invest on your own and visiting a financial planner or adviser might sound like a necessary step. Most people assume that, as with most professions, a financial adviser or financial planner is a regulated title representing specific competencies. However, in most provinces, except Quebec and to some extent British Columbia, the government regulates the sale (and sellers of) financial products, while the advisory services provided by “financial planners” or “financial advisers” are not regulated.

In fact, the reason why it is so difficult to sort out the differences between financial planners and financial advisers, and to understand just what it is they can and cannot do, is because they all are not regulated – meaning they can do what they will. This has led the Ontario Government to create an expert panel to look at how the government can better regulate financial planning and those who give financial advice. PIAC is adamant that there needs to be some order brought to this industry.

“In the financial services industry right now, there are a multitude of professional titles being used: financial adviser, financial planner, registered financial planner, wealth coach and so on,” Jonathan Bishop, Research Analyst for PIAC mused. “In 2012, there were at least 25-30 different titles being kicked around the province of Ontario. There are also a multitude of title-granting associations and certification bodies. We’d like to have these titles legislated. We’d like it set up that only qualified people can call themselves a ‘financial planner’ or a ‘financial adviser’ and that it’s clear to consumers what you can expect from that title. And the fewer number of titles used, the better.”

“The financial services industry is too gigantic, too unregulated, and having too direct an impact on individual customers.”

Someone walking in to meet a “financial adviser” (or a myriad of other similar titles) might believe that there is some duty on that adviser to disclose their conflicts of interest, such as if they make a commission on the product she buys, or to put her interests above the adviser’s – to ensure she gets the best product. In fact, since only the products sold are regulated (by the Ontario Securities Commission, in Ontario and other securities commissions in other provinces), it is up to the adviser’s discretion what they disclose and up to their own ethical standards whose interests they put first.

“Financial planners” on the other hand claim that instead of just selling an investment product they look at things like personal cash flow, estate planning, income taxes, retirement planning, insurance needs and investments and build a “financial plan” for the customer to navigate all of these areas to achieve their financial goals throughout their life. Financial planners state

that where they need professional advice in one of the key areas (for example, tax) that they will refer client to the appropriate expert (an accountant or tax lawyer in this case) for help. The problem with financial planners, however, is much like that for financial advisers: no one has made financial planning a regulated profession or with standard government requirements. So while there are self-appointed accreditation bodies claiming to train and oversee these requirements, competencies can vary. And even the best private accreditation schemes may not police all their members to do all aspects of the job because as a body paid for and created by members there is another conflict of interest at their heart – they may avoid disciplining those that pay the bills – leaving consumers at risk.

PIAC wants to see real and significant change in the huge and important financial services industry. Before a consumer walks through the door of

anyone offering any level of financial advice to know what it is that person does, and what services they can expect. Once they're inside, they should expect that the financial adviser or financial planner will disclose the details of what investments they sell or will recommend – including if the “adviser” is getting a commission or fee, or giving the consumer a choice based on a limited selection of financial products.

“At some point someone has to say ‘this sucks’ and there’s actually a race to the bottom in terms of standards. Because one way to get ahead is to be a bad actor, get more commission on a product, or tell customers less,” John Lawford, Executive Director of PIAC stated.

“There’s an understanding in places like the U.S., Australia, and England that it’s gotten out of hand. The financial services industry is too gigantic, too unregulated, and having too direct an impact on individual consumers.”

PIAC is hoping the Ontario government will take the lead on this issue and produce some legislation that makes real changes. A financial adviser or financial planner should act in the consumer’s best interest, not their own.



Community Opportunities

CRTC decisions keep broadcasting open to all Canadians

For those who have ever secretly wanted to be on TV—did you know that there is a way you can do so? The Canadian broadcasting system is made of three “pillars”: public broadcasting, such as the CBC; private broadcasting, such as cable television; and community broadcasting, such as the community channel on your local TV station. Thanks to several CRTC decisions on community broadcasting, television stations must keep the community channel open to members of the community who would like airtime or to create their own shows, including helping with training and equipment. Whether it is creating a mini-series on healthy living, showcasing local musicians, covering neighbourhood-specific news, or giving youth an outlet to learn and express themselves, ask about access programming and volunteering at your local television station, and they will be able to help you make it happen.

PIAC recently intervened in a CRTC proceeding about local and community television, recommending that the Commission strengthen community television by making it more diverse and open to local citizens, increasing dedicated funding, and giving the community channel more independence and autonomy. At the same time, the community channel would also take on more responsibility for local programming, while conventional television stations would still be responsible for producing local news at a professional level.

Alysia Lau, Legal Counsel at PIAC, said, “We want to see local stations and community TV be able to move into the future by making sure Canadian communities have access to the news, programming and resources they’re looking for.” As a result of the current CRTC proceeding, “A review of the policy framework for local and community television programming”, PIAC hopes that the community pillar of Canadian broadcasting will grow into its own, providing an enriching media platform that is for and by everyday members of the community.



Lending Consumers a Hand

The Ontario Government is taking another look at the payday loan industry and PIAC wants to see more responsible lending to consumers nationwide

Low value-high interest “payday” and similar loans are used by a large number of low-income Canadians as they fall behind on bills or have an emergency pop up. Storefront payday lenders (now more numerous than McDonalds restaurants or RBC branches) are being joined by numerous online lenders. Unfortunately, the increase in ‘competition’ among payday lenders hasn’t resulted in interest rates going down as they vie for business while consumer indebtedness to this high-cost credit has risen sharply. This has led to the Ontario Government starting a review of the Ontario Payday Loans Act, 2008.

PIAC has been looking into the payday loan industry since the early 2000’s, and has submitted its suggestions to the Ontario government for this review process. We hope the review results in meaningful changes.

“There are two big problems with payday loan companies. Their rate is very high and the entire amount that you borrow is generally due within 2 or 3 weeks. When a loan is high cost and is due in full on the next payday – not paid off over time like a standard loan – it will cause the people who took the loan in the first place to be unable to meet other obligations,” John Lawford, PIAC’s Executive Director points out. “Maybe they can go 2 to 3 weeks without having to take another loan, but they will be short again soon because their other obligations go on and it will keep perpetuating. People who take payday loans tend to take around 10-12 in a year. That pattern of repeat borrowing is where profit is made by the industry. That’s not responsible lending.”

With rates that don’t seem to move with competition, high availability, and some degree of borrower desperation, those who need to borrow some money to get by end up falling into a virtual debtor’s prison from which it is difficult to escape. Many Canadians who should get credit counseling or debt repayment schedules or even debt forgiveness (whether through insolvency or charity) are

instead being propped up longer by payday loans and finding themselves deeper and deeper in debt.

Some places have already made drastic moves against the payday loan industry: New York effectively has made them illegal by stipulating an interest rate cap below 30% annually. There’s an argument that in areas like that, those who need money fast will turn to illegal loans, but Lawford says that’s not the case.

“There’s no evidence people automatically turn to illegal lenders or even that that’s that much of the market right now. In the places where people have banned the industry or reduced it, it appears that people just don’t take loans,” Lawford said. “It’s hard to say why with the current data, but it’s not true that it automatically turns into an equal volume of illegal loans. That suggests to me that, for whatever reason, the way the payday loan product is structured now is convenient and easy and it may mask the harder but probably better way of getting out of debt.”

Canadians need a fair solution to the problems payday loans present. A solution that makes lending available, but not a life sentence in debt.

“PIAC would like to see a review board for the maximum rate of borrowing,” stated Jonathan Bishop, Research Analyst for PIAC. “It should be placed in a public utilities-like board, a publicly funded board that takes in evidence from all stakeholders when determining what that rate should be. It’s clear that the market will not take care of lowering that maximum rate of borrowing. Competition has not lowered it. Every time a provincial jurisdiction has set a rate, most of the players in that marketplace have kept the rate pretty much at the maximum. Which demonstrates to us that competition isn’t working the way it would in other markets.”

PIAC is hoping to see Ontario’s provincial legislation in place to make the payday loan business model more consumer-friendly by Spring of next year. Alberta recently has announced a review of the industry. Other provinces wishing to protect the borrowing public should follow suit.

With Your Support

The Public Interest Advocacy Centre works hard to bring consumer rights to the forefront when big decisions, such as those discussed in this newsletter, are being made. PIAC is able to do this work because consumers, through their actions and their help, have supported the many cases we've worked on on Canadians' behalf. Throughout these stories there is a common theme; consumers made it happen.

We want an engaged public participating with us as we work to make big changes like the ones we are seeing in broadcasting now. If you'd like to connect more with PIAC please visit our website at www.piac.ca. There, you can also sign up for our mailing list to receive future newsletters and other updates as they arise. You can also follow us on Twitter: [@CanadaPIAC](https://twitter.com/CanadaPIAC).

If you'd like to help out financially, you can fill out the attached form below or go to our Canada Helps page at <https://www.canadahelps.org/dn/14349>.

We couldn't do our work without the engagement and participation of the public. Only with your support can we make a difference.

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