December 21, 2015

Ms. Janice Charette
Clerk of the Privy Council and Secretary to the Cabinet
Langevin Block
80 Wellington Street
Ottawa, Ontario  K1A 0A3


Dear Ms. Charette:

I am writing on behalf of the 109,000 small- and medium-sized business owners who are members of the Canadian Federation of Independent Business (CFIB) to provide feedback on the petition submitted by Bell Canada on October 20th, 2015 regarding telecom regulatory policy CRTC 2015-326. In light of the petition, we would like to bring attention to a number of key issues for small-and medium-sized enterprise (SME).

CFIB is the largest business organization representing entrepreneurs in the country. SMEs are an important component of Canada’s economy and communities; employing approximately 10 million Canadians or 90 per cent of the total private sector labour force. Therefore, it is imperative that government policies and CRTC decisions consider the unique impacts on this group. With fewer resources at their disposal than larger enterprises, changes to prices and regulations often have a more profound impact on SMEs and their ability to run their businesses. The decision made by the CRTC to mandate that incumbents provide Internet service competitors access to broadband networks is a very encouraging step as a large majority of SMEs are consumers of Internet services and rely on access to fair prices and competitive options to help run their business.

SMEs have come to rely on the Internet in order to remain competitive in today’s economy, whether they use it for making online purchases, marketing on social media, selling their products and services through e-commerce, or providing customers from around the world with information on their website. According to CFIB’s 2014 Telecom report entitled Calling for Change: Small and medium-sized enterprises’ perspectives on the telecommunications industry in Canada (enclosed), 92 per cent of SMEs regularly use high-speed internet in their business dealings and 83 per cent state that their website is somewhat (51 per cent) or very (32 per cent) important to their business.

The Internet has enabled smaller companies to reach new markets that were previously inaccessible to them, allowing them to better compete with larger companies. Access to new technologies such as fibre broadband Internet is essential for SMEs to continue to grow their business and expand their reach, both within Canada and abroad. There is no doubt that the trend towards increased usage and reliance on the Internet will continue for small businesses and will be critical for their future growth and ability to compete.

Figure 1: Regularly used communication technologies (% response)

<table>
<thead>
<tr>
<th>Technology</th>
<th>2012</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-speed internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wired telephone services</td>
<td></td>
<td></td>
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<tr>
<td>Wireless/mobile services</td>
<td></td>
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<tr>
<td>Fax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dial-up internet</td>
<td>3.4</td>
<td>10.1</td>
</tr>
</tbody>
</table>


As a result, it is important that SMEs have access to competitive options that will provide them with the best service and price. However, the availability of competitive options for Internet service providers (ISPs) has worsened since 2008. Our 2014 report indicates that the number of SMEs that are dissatisfied with the availability of competitive options has risen from 42 per cent in 2008 to 47 per cent in 2012 (see figure 2). In fact, more than 50 per cent of the SME market share is provided by just two companies in every province across Canada (see figure 3).

Our survey has shown that small business owners want more options to choose from when selecting their ISP. Many SMEs, particularly those in rural areas, feel as though there is a monopoly in high speed internet service which drives prices up and customer service down. According to our survey, almost half (41.7 per cent) of rural business owners said that they chose their current ISP because it was the only one servicing their area.
Figure 2:
How satisfied are you with the availability of competitive options for wired internet providers in your area? (% response)


Figure 3:
Wired internet service providers serving Canadian SMEs, by province (% response)


When there is a lack of competitive options, pricing becomes a top concern and this is indeed the case for Canadian SMEs who rank price to be as important as the quality of service when choosing their ISP (see figure 4). The problem is that with fewer competitive options there is less incentive to drive down costs and improve service and therefore less ability to keep the large incumbents accountable. Allowing Bell Canada exclusivity over the network infrastructure would allow them to dominate in certain areas, driving up prices for SMEs who have no other choice than to use their services. So we believe that allowing non-incumbent ISPs entering the market to have access to the necessary infrastructure to deliver their services is essential in fostering competition. In fact, we believe it would be near impossible for smaller ISPs to duplicate the infrastructure required to gain access to fibre networks across Canada. As a result, we believe that the CRTC’s decision requiring incumbents, such as Bell Canada, to provide competitors with access to their broadband network infrastructure will help improve competitive options for SMEs, improve service and lower prices, which in turn, will help SMEs be more competitive in an increasingly globalized economy.
In the current economic climate, SMEs need to know they have options for what has become an essential service for many smaller businesses. The availability of quality services at a reasonable price is critical to SMEs remaining competitive in an increasingly “connected” world. As a result, we ask that you deny the Bell Canada petition and uphold the CRTC decision 2015-326 so that competing ISPs can rely on infrastructure already in place to reach new customers and provide more options to consumers.

I have attached our telecom survey “Calling for Change” that was released in May 2014 to provide you with further insight into the telecommunications industry from the SME perspective. Should you have any questions or would like to discuss this further, I can be reached in Ottawa at 613-235-2373.

Thank you for your attention to this matter.

Sincerely,

Corinne Pohlmann
Senior Vice-President, National Affairs

Enclosed:
Calling for Change: Small- and medium-sized enterprises’ perspective on the telecommunications industry in Canada

CC: Pamela Miller, Director General, Telecommunications Policy Branch, Industry Canada