

**TELECOM NOTICE OF CONSULTATION  
CRTC 2024-294**

***Making it easier to choose a  
Wireless phone or Internet service –  
Removing barriers to switching plans***

**REPLY COMMENTS**

**OF**

**CANADIAN TELECOMMUNICATIONS ASSOCIATION**

**March 26, 2025**

## Executive Summary

1. Subsection 27.04(1) of the *Telecommunications Act* (the Act) prohibits fees “whose main purpose is, in the opinion of the Commission, to discourage subscribers from modifying their service plan or cancelling their contract for telecommunications.” As indicated in their responses to the Commission’s request for information dated July 23, 2024 (RFI), service providers do not charge fees for this purpose and there is a lack of evidence in this proceeding indicating otherwise.
2. Nevertheless, the Commission stated its preliminary view that it would be beneficial to Canadians to prohibit fees that are related to the activation or modification of a telecommunication plan. This preliminary view is not based on an argument that such fees are contrary to subsection 27.04(1) of the Act, but rather that it will help “Canadians more quickly, affordably, and easily modify or cancel their plans.”<sup>1</sup>
3. The Commission’s proposal is based on the premise that modifying and cancelling plans is slow, unaffordable and difficult. This is not supported by the evidence in this proceeding. In fact, the evidence proves the opposite.
4. While banning activation and modification fees might seem like a consumer-friendly move, it is likely to lead to an increase in the cost of service plans, resulting in higher monthly bills for consumers. It would also limit service providers ability to differentiate themselves from one another, reducing competition and limiting consumer choice. Further restricting early cancellation fees would similarly increase consumer costs, as they would reduce service providers options for providing promotional offers and discounts. It would also make the purchase of devices less affordable, particularly with the substantial increase in device prices since the Wireless Code was introduced.
5. It is not only service providers that oppose the Commission’s preliminary view. Even proponents of limiting certain activation, modification, or cancellation fees do not support the Commission’s position that activation and modification fees should be prohibited solely because doing so might make it easier and more affordable to modify or cancel plans. Intervenors such as the Manitoba Coalition, the Public

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<sup>1</sup> Consultation, paragraph 5.

Interest Advocacy Centre (PIAC), Build Nova Scotia, and Option consommateurs acknowledge that such fees have a legitimate purpose when tied to the costs incurred in delivering services.

6. A thorough review of all evidence in this proceeding clearly indicates that the negative impacts of prohibiting activation and modification fees would outweigh any alleged benefit of such measure. Adopting the Commission's preliminary view would not advance the policy objectives of the Act and would contradict the expectations of the 2023 Policy Direction. Therefore, the Commission should abandon its preliminary view and any other proposal that exceeds the intent of prohibiting fees that have as their main purpose to discourage customers from modifying or cancelling their service plan, as outlined in subsection 27.04(1) of the Act.

### **Introduction**

7. Pursuant to the procedure outlined in Telecom Notice of Consultation 2024-294- Call for Comments – Making it easier to choose a Wireless phone or Internet service – Removing barriers to switching plans (Consultation), the Canadian Telecommunications Association provides its reply comments in this proceeding.
8. Failure to address an assertion or proposal that is contrary to our position should not be construed as our agreement with such assertions or proposal. In accordance the Commission's revised procedure, comments made by CTA in other proceedings may also be applicable to this proceeding. To the extent that our comments conflict with a comment of a CTA member, the comment of the member shall prevail with respect to that member.

### **No evidence that existing fees are intended to discourage modification or cancellation**

9. Subsection 27.04(1) of the Act prohibits fees whose main purpose is to discourage modifying or cancelling telecommunications service plans. To determine if service providers charge such fees, the Commission issued the RFI. The responses to the RFI indicated that service providers do not charge fees for such purpose.
10. Service providers have demonstrated through their RFI responses and their initial comments in this proceeding that ancillary fees, such as activation and modification fees, are primarily intended to recover business costs. Early cancellation fees are meant to recoup the cost of a device or a service that has been discounted in

exchange for the customer committing to a fixed term. Parliament has not indicated any intention to prohibit these legitimate cost recovery fees.

11. Intervenors advocating for the prohibition of some or all activation, modification and/or cancellation fees have failed to provide evidence that the main purpose of these fees is to discourage modification or cancellation.

**Commission’s preliminary view is not supported by the evidence**

12. Rather than focus on Parliament’s intent under subsection 27.04(1), the Commission has stated a preliminary view that it should prohibit activation and modification fees to make it easier and more affordable for Canadians to modify or cancel their plans. This proposal implies that modifying and cancelling plans is difficult or cost prohibitive. As mentioned in our initial comments, the Commission does not provide any evidence that consumers find it difficult to modify or cancel a plan, or that doing so is unaffordable. To the contrary, the Commission’s preliminary view ignores the evidence that consumers are feeling more empowered than ever to make changes based on their needs and preferences.<sup>2</sup>
13. While not commenting on which fees should be prohibited, the Commission for Complaints for Telecom-Television Services (CCTS) states that cancelling a service can be frustrating for some consumers, and that in 2023-2024, customers raised more issues than the preceding year with the CCTS about cancelling their service or transferring their services to another provider.<sup>3</sup> CCTS concludes that this **may** suggest customers may be having more difficulty canceling or switching plans.<sup>4</sup>
14. The reason the CCTS can only speculate is because it very rarely investigates the underlying reasons for a complaint or establishes whether a complaint has merit. If a customer contacts CCTS, CCTS first notifies the service provider to see if the provider can resolve the matter without CCTS having to investigate further. Encouragingly, CCTS reports that 88% of complaints were resolved by the customer and service provider without CCTS having to investigate.<sup>5</sup> This includes complaints that were unfounded or where the service provider went beyond its policies and contract terms to ensure a positive outcome for the customer. It is also important to note that,

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<sup>2</sup> CTA initial comments, March 12, 2025, paragraphs 12-14.

<sup>3</sup> CCTS initial comments, March 12, 2025, paragraph 16.

<sup>4</sup> Ibid paragraph 15.

<sup>5</sup> [CCTS Annual Report](#), January 2025.

despite the increase, the number of complaints remains low, with less than 0.08% of high-speed broadband and 0.05% of mobile phone subscribers raising issues.<sup>6</sup>

15. Where CCTS did investigate a complaint, it found that incidents of non-compliance by service providers of the Wireless Code were down for the fourth year in a row, and none of our members had more than a single Internet Code violation across the entire 2023-24 reporting year.<sup>7</sup>
  
16. The increase in the number of complaints to the CCTS about cancelling or switching issue is in large part due to CCTS’s efforts to raise public awareness about its services and changes to CCTS’s complaints process. According to the CCTS, its public awareness efforts led to a 60% increase in visits to its website.<sup>8</sup> In other words, a rise in complaints filed with CCTS does not indicate a decline in customer service or an increase in difficulty in cancelling or switching; rather it shows that more people are aware of CCTS’s services. This is a positive development. Our members aim to ensure every interaction with the millions of Canadian telecom subscribers are positive and that any issues are resolved satisfactorily, including those that go through the CCTS process.
  
17. As discussed in our reply comments in CRTC TNC 2024-293, a 2024 survey by Abacus Data showed that one in four respondents switched their provider or wireless plan within the previous twelve months, which equates to approximately 9.25 million subscribers switching. Additionally, the number of wireless subscribers changing between service providers has been steadily increasing since 2020:<sup>9</sup>

<b>Wireless Port Volumes</b>				
<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
3,371,445	3,802,033 (+12.8% YoY)	3,901,065 (+2.6% YoY)	5,746,096 (+47.3% YoY)	6,203,474 (+8% YoY)

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<sup>6</sup> The percentage of complaints as a percentage of subscribers is actually lower as the CCTS does not report the number of wireline and wireless complaints, only the number of wireline and wireless issues. As a complaint can include more than one issue, the number of wireline and wireless complaints would be lower than the number of issues reported.

<sup>7</sup> [CCTS Annual Report](#), January 2025.

<sup>8</sup> [CCTS Annual Report](#), January 2025, page 95.

<sup>9</sup> Bell initial comments in CRTC TNC 2024-293, see table 1 at paragraph 15.

18. Applying the Commission reported 2023 average monthly churn rate of 1.2% of wireless phone and home Internet subscribers to the approximately 13.7 million internet access subscribers in 2023 suggests that nearly two million households switched Internet access providers in 2023. This figure and the wireless porting volumes in the paragraph above do not include the additional millions of subscribers who changed plans with their existing provider over the same period.
19. Subscriber churn is at an all-time high<sup>10</sup> and millions of subscribers are changing plans with their existing provider. Large numbers of subscribers switching providers and plans would not occur if the process were difficult or cost prohibitive. The numbers support this, and subscribers themselves confirm that switching is easy. As the Commission's found in its latest public opinion research on the consumer codes, most Canadians (8 in 10) found switching their wireless provider easy, with over half describing the process as extremely easy.<sup>11</sup>

**Most intervenors do not support the Commission's preliminary view**

20. Even proponents for banning certain activation, modification, or cancellation fees do not adopt the Commission's preliminary view that fees should be prohibited solely because doing so might make it easier and more affordable for Canadians to modify or cancel their plans. The Manitoba Coalition<sup>12</sup>, the Public Interest Advocacy Centre (PIAC), Build Nova Scotia<sup>13</sup>, and Option consommateurs<sup>14</sup> acknowledge that such fees can have a legitimate purpose when tied to the costs incurred in delivering the service.
21. However, these parties oversimplify the costs involved in delivering such services. For instance, PIAC argues that activation, modification or other interaction fees should be prohibited unless they are linked to "a legitimate business cost to do the activation, modification, or other interaction."<sup>15</sup> While PIAC does not clearly define "legitimate business cost", it occasionally highlights "labour costs"<sup>16</sup> as an example.

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<sup>10</sup> [Canadian Telecom Brief: Diverging Strategies Could Make or Break Leverage in 2025](#), S&P Global, January 14, 2025.

<sup>11</sup> [Public Opinion Research on the CRTC's Consumer Protection Codes 2024 – Final Report](#), CRTC, page 32.

<sup>12</sup> Manitoba Coalition, initial comments, paragraph 23.

<sup>13</sup> Build Nova Scotia, January 16, 2025, page 1.

<sup>14</sup> Option consommateurs, initial comments, February 26, 2025, paragraph I.

<sup>15</sup> PIAC, initial comments, February 28, 2025, paragraph 26.

<sup>16</sup> Ibid. For example, see paragraph 29 and 34.

22. Activation and modification fee cover more than just labour costs; they also contribute to the recovery of various other expenses related to delivering the service.<sup>17</sup> These expenses can include maintaining a physical store where the customer can benefit from in-person service, training of customer service representatives, operational needs, and the storing and shipping of physical devices and SIM cards. This comprehensive approach to cost recovery is essential for maintaining effective customer service operations.
23. Limiting service providers' ability to recover business costs, including restricting service fees to specific cost elements, will have negative impacts. Service providers will not be able to recover the full range of expenses associated with providing the service. Unrecovered costs must be compensated for elsewhere, leading to increases to other fees or higher monthly plan rates. This costs redistribution can make services less affordable for consumers and create a less transparent pricing structure.

**The Commission's preliminary view does not advance policy objectives and is contrary to the 2023 Policy Direction**

24. Prohibiting activation or modification fees, or any other fees primarily intended to recover business costs, would negatively impact consumers. As discussed in our initial comments, banning these fees could inadvertently lead to higher monthly bills for consumers and reduced competition, ultimately harming consumer choice and market innovation.
25. Parliament intended subsection 27.04(1) of the Act to prohibit only fees whose primary purpose is to discourage modifying or cancelling services or plans. If the Commission adopts its preliminary view to prohibit all activation and modification fees, regardless of their purpose, it will exceed Parliament's intent and undermine the policy objectives of ss. 7(a)<sup>18</sup> and 7 (h)<sup>19</sup> of the Act which it cites as the rationale for its proposed changes.
26. The objective of s.7(a) to advance the orderly development of a telecommunications system that safeguards, enriches and strengthens the social and economic fabric of Canada and its regions relies heavily on investment from service providers. These investments are crucial for expanding infrastructure, enhancing service quality, and

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<sup>18</sup> To facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions.

<sup>19</sup> To respond to the economic and social requirements of users of telecommunications services.

ensuring equitable access across all regions. Measures that restrict service providers' ability to recover the cost of providing services will negatively impact their capacity to make these crucial investments.

27. The objective of s.7(h) to respond to the economic and social requirements of telecommunications services is not served by a ban on activation and modification fees. Banning these one-time fees will likely lead to higher recurring charges, disproportionately affecting users who use these services less frequently. These one-time charges allow service providers to distribute their costs more equitably among users.
28. Additionally, prohibiting activation and modification fees would fail to advance the policy of objectives of ss. 7(c)<sup>20</sup>, 7(f)<sup>21</sup> and 7(g).<sup>22</sup> A prohibition on such fees would reduce service providers' ability to differentiate themselves and thereby reduce competition. It fails to increase reliance on market forces which, as evidenced in this proceeding, has made switching easy and results in millions of subscribers changing plans or providers every year. Lastly, a prohibition would discourage rather than encourage innovation in the provision of telecommunications services. Service providers are continually innovating and improving their customer service offerings. Service fees not only contribute to financing these investments, they can also be used as incentives to encourage customers to use new and innovative service channels that reduce service providers' business costs and respond to some customers' desire for new ways to interact with their service provider.
29. Adoption of the Commission's preliminary view would also contradict the expectations set out in the 2023 Policy Direction,<sup>23</sup> which require the Commission to balance a wide range of policy considerations in arriving at its decisions. The Commission is also expected to ensure that measures it imposes are efficient and proportionate to their purpose, and that decisions are based on sound and recent evidence.

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<sup>20</sup> To enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications.

<sup>21</sup> To foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective

<sup>22</sup> To stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services.

<sup>23</sup> [Order Issuing a Direction to the CRTC on a Renewed Approach to Telecommunications Policy](#) (2023 Policy Direction), sections 2, 4 and 6.

30. As discussed above, the premise for the Commission's preliminary view is not supported by the evidence in this proceeding. Furthermore, any alleged benefits of such a measure are outweighed by the clear negative consequences it would cause. Prohibiting activation and modification fees is neither efficient nor proportionate to its purpose.

### **Out of Scope Issues**

31. At paragraph 31 of its initial comments in this proceeding, the Deaf Wireless Canada Committee (DWCC) states that:

Additionally, the CRTC and CTA should mandate ASL/LSQ video resources and ensure that telecom services incorporate accessible communication formats, including captioned content and easy-to-read text.

32. Included in the DWCC's Survey Analysis Report there is a further recommendation at page 85 that:

CTA must take the video series from the existing playlists for the Wireless and Internet Code and crop out different ASL and LSQ translated terminologies into multiple shorter video clips of individual terminology. So that DDBHH groups like DWCC can embed these vocabularies into future surveys.

33. CTA (on behalf of service providers) created the consumer code videos in consultation with its members and using feedback from a variety of DDBHH stakeholders. Several issues were considered when making the videos. The primary goal was to ensure the videos provide DDBHH individuals with information to help them better understand their rights under the consumer codes. It was determined that separate videos for individual terms would create a fragmented experience that does not support the primary goal. Instead, it was decided that it would be more effective to explain terms within the context of their usage and based on chosen themes. To enhance usability, CTA also incorporated closed captioning and transcripts.
34. The issue raised by DWCC is not that the videos fail to meet the needs of the DDBHH community for the intended purpose, but that the DWCC can not extract excerpts from the consumer code videos for their own purposes when creating surveys. The consumer code videos were designed to inform the DDBHH community, not to

facilitate the DWCC creating surveys. This matter does not need to be addressed in the Commission's proceedings.

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