

Download limits: A necessary evil?

Executive summary
June 2014

The bandwidth download limits imposed by Internet service providers (ISPs) in Canada continue to frustrate consumers. A Netflix executive has claimed that the Internet offer in Canada is equivalent to a “violation of human rights¹.”

Consumers are dissatisfied with the services offered to them. The CCTS pointed out in its latest annual report that the usage limits imposed by providers are again the object of numerous complaints, and that consumers have difficulty monitoring their usage or even trusting ISP usage counts. The ISPs have insisted that download limits are necessary to limit network congestion and that they’re the best and fairest way to provide affordable services. Where does the truth lie?

As part of our study, we examined the Internet access offers of a sample of Canadian providers, and we compared their offers to those in other countries. We attempted to link market conditions with the regulations applied in each country studied, in order to determine the basis of the differences observed. Then we consulted experts on this issue in Canada.

Our research indicates that Canada is one of the countries where download limits are most frequent and restrictive, and that several providers impose overtime usage charges that, at the time of our study, were among the highest among the countries we studied. However, the situation is not uniform: independent providers across Canada, and the majority of independent providers in the Maritimes and in Western Canada are much more permissive than Quebec providers, who offer, by far, the most expensive services per gigabyte.

Do download limits make it possible to offer less-expensive services? Our study of foreign providers confirmed that Canadian consumers don’t save money compared with those, notably, in the United States, France and the United Kingdom: service offers without usage limits are proliferating there, at more-affordable rates than our limited services.

Are download limits useful, if not essential, to the management of telecommunications networks? The fact that most foreign countries don’t resort to them appears to indicate otherwise. The few Canadian providers who agreed to answer our questions admitted that download limits don’t serve to control network congestion — thus contradicting the CRTC’s conclusions that it was an Internet traffic management practice (ITMP) to be encouraged. Researchers and consumer rights advocates in Canada also refute unanimously the claim that download limits have any relation to measures against network congestion; rather, those experts condemn the harmful consequences of such limits on consumers and on the development of innovative online applications.

¹ MCKENNA, Alain. “Netflix compare l’internet canadien à une ‘violation des droits humains’,” *La Presse*. [Online] <http://techno.lapresse.ca/nouvelles/mobilite/201209/18/01-4575137-netflix-compare-linternet-canadien-a-une-violation-des-droits-humains.php> (page consulted on June 20, 2014)

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Our study of download limits reveals nothing but negative aspects. They are not appreciated by consumers, can lead to abuses that could imperil the Web's impartiality, and impair online innovation. They do not help control congestion, any more than they result in fair rates proportional to the necessary costs of providing services, because the quantity of content transferred monthly by a user does not entail substantial additional expenses. Congestion is caused by a large number of users transferring data simultaneously. That risk is related to the overselling of services at excessive speeds; if providers must invest to avoid congestion, it is to ensure that their networks are able to provide all customers with the speeds sold, while observing a reasonable rate of restraint... and this has nothing to do with the quantity of megabytes or gigabytes transferred monthly by users.

According to our research, to the main question of our project – do download limits constitute the best choice for consumers? – the answer must be a resounding “No.” In fact, Canada's economic and political context has long favoured ISPs and given them all the latitude to choose and apply the pricing structure that favours them and guarantees their economic sustainability, with minimal consideration of consumer interests by providers and, unfortunately, by the CRTC. Even today, ITMP regulations give a green light to a business practice that is becoming ever rarer across the world, and is indeed exceptional in the OECD.

Our study leads us to recommend the following: that the CRTC update its regulatory policy on Internet traffic management and impose rules of conduct on Canadian providers; that ITMPs be authorized only if tangible proof exists that they are applied for the purpose of traffic management, and then only as a last resort; that consumer information be standardized, offering proactive and reliable information on monthly usage; that the Competition Bureau determine if any collusion or agreements contravene the Competition Act, or if any other barrier to Internet access prevents consumers from benefiting fully from competition, due to lack of competition between the large providers, and if so, that the Competition Bureau act accordingly; finally, that providers consider offering more services without explicit usage limits entailing additional usage charges.

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Union des consommateurs has received funding from Industry Canada's Contributions Program for Non-profit Consumer and Voluntary Organizations. The views expressed in this document are not necessarily those of Industry Canada or of the Government of Canada.