



**Canadian Network Operators Consortium Inc.
Consortium des Opérateurs de Réseaux Canadiens Inc.**

March 23, 2020

The Honourable Navdeep Bains, P.C., M.P.
Minister of Innovation, Science & Industry
C.D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5

Dear Minister Bains,

Representing ISPs of all sizes across the country, Canadian Network Operators Consortium Inc. (“CNOCC”) is a not-for-profit association with 31 member companies that employ more than 2,500 Canadians. The association’s mission is to increase the level of competitive communications services business in the Canadian economy, to the ultimate benefit of Canadian consumers.

COVID-19 has fundamentally changed the way that Canadians must work, learn and communicate with each other. For as long as strict social distancing remains paramount, Canadians will rely heavily on Internet connectivity throughout all aspects of their day-to-day lives. Internet connectivity is an essential service and members of CNOCC are doing everything in their capacity to provide high-quality and affordable Internet access to Canadians when they need it most.

With more than one million Canadians relying on independent ISPs for their Internet service, the COVID-19 situation has translated into unprecedented levels of traffic on the networks, which is steadily increasing on a daily basis. This surge in usage has completely eclipsed the network capacity of CNOCC members, who rely on wholesale services provided by incumbent carriers. Those wholesale services include the raw broadband capacity needed to fulfill the Internet usage demands of Canadians during this time of need. This poses a huge economic challenge, if not addressed, that could erode CNOCC members’ already thin margins to the point where their businesses are no longer sustainable.

Furthermore, CNOCC expects that a significantly elevated proportion of Canadian Internet service customers will have difficulty paying their bills on time, or at all, throughout this crisis. This unfortunate consequence of the COVID-19 situation is devastating to the cashflows of member companies. Without immediate assistance from the federal government, CNOCC members and independent ISPs more broadly will be unable to meet the Internet service needs of Canadians at a time when connectivity has never been more important.

CNOCC therefore urges the Canadian government to provide immediate assistance consisting of:

1. A funding mechanism to subsidize 50% of incremental wholesale capacity costs paid by independent ISPs to incumbent carriers for the duration of the COVID-19 crisis. This will allow Wholesale ISPs to waive overage charges like the incumbent carriers have, without incurring excessive costs; and

2. A solution to insure or backstop the Internet service receivables of independent ISPs in order to protect them from customer non-payments that are attributable to the financial difficulties imposed by the COVID-19 crisis.

On behalf of CNOC's member companies, we look forward to your reply. Do not hesitate to contact us to discuss any of these matters in greater detail.

Sincerely,

Matt Stein
Chair, Canadian Network Operators Consortium

cc: Finance Minister Bill Morneau, P.C., M.P.