

Federation of Canadian Municipalities

Intervention – Telecom Notice of Hearing CRTC 2015-134-5, *Review of basic telecommunications services*

CRTC File No.: 8663-C12-201503186

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Introduction

1. The Federation of Canadian Municipalities (FCM) is pleased to participate in the second phase of the Commission's *Review of basic telecommunications services* (Telecom Notice of Hearing CRTC 2015-134-5).
2. The following comments respond to the topics and questions identified in Telecom Notice of Hearing CRTC 2015-134-5 and during FCM's appearance at the public hearing on April 15, 2016. FCM looks forward to continue partnering with the Commission as it reviews its policies regarding basic telecommunications services in Canada.

Regulatory measures for basic telecommunications services

The Commission's role in ensuring access to basic telecommunications services

3. The CRTC's basic service objective does not currently include high-speed broadband Internet access, and instead is limited to the capability to connect via low-speed data transmission. Given the persistent lag in bringing high-speed broadband to rural and remote areas, and the challenges of relying on targeted government funding and market forces, the Commission should update the basic service objective to include broadband at an **internationally-comparable and evolving speed target**.
4. The basic service objective would need to guarantee long-term, reliable connectivity at affordable prices for all communities. The Commission should ensure broadband networks can accommodate rapid technological change and have redundant connections to prevent gaps in essential communication services. The Commission should also prioritize establishing service parity between northern and southern communities.
5. Alongside speed, minimal latency, increased data caps and redundancy within networks were recognized by a number of parties as challenges that should be addressed in the Basic Service Objective.
6. The unique conditions and characteristics of Canada's rural and remote communities will require different technologies for accessing affordable and reliable broadband internet. The Commission must ensure that these different technologies provide sufficient bandwidth and network capacity to meet user needs. Investments must include provisions to accommodate rapid technological change and ensure redundant connections.
7. Further, FCM believes that any lack of adoption on the part of Canadians is due, to some degree, to the lack of available high-speed broadband and to the issue of cost. Expanding the basic service objective to include high-speed broadband is critical to enhancing Canada's global competitiveness. However, this will not be achieved without ensuring that all Canadians have equitable access to broadband services at affordable prices. The Commission has a critical role to play in reducing the significant price disparity for broadband services between urban and rural communities.

The Commission's role in establishing target speeds

8. In FCM's view, the Commission's current target speeds for broadband – a minimum of 5 Mbps download and 1 Mbps upload – are no longer sufficient to meet the minimum needs of Canadians

and compare poorly to targets established internationally. This is illustrated in the international comparison of aspirational speed targets included in Annex A.

9. For example, in early 2015, the U.S. Federal Communications Commission (FCC) revised its benchmark for “advanced” broadband access to 25 Mbps download and 3 Mbps upload speeds. The FCC also requires minimum speeds of 10 Mbps download and 1 Mbps upload for “basic” broadband access funded through federal subsidies, although bids with faster speeds are prioritized and project proponents “will be required to meet an evolving standard over the 10-year term of support, based on the highest speed adopted by a majority of households nationwide.”¹ The FCC has broad statutory powers and incentives to accelerate the deployment of broadband services at these evolving speeds. While FCM’s submission did not prescribe specific target speeds, there appears to be a consensus among a number of intervenors that the FCC targets are an appropriate minimum standard.
10. Recent Canadian studies, including the Commission’s own reporting on broadband availability in Canada, underscore the need for an evolving broadband speed target that is more reflective of current and anticipated needs. The Commission’s *Communications Monitoring Report 2015* concluded that only 75% of rural households had access to download speeds between 5 and 10 Mbps (86% including mobile Internet access), compared to 100% universal access in urban areas. This divide is even greater at faster speeds, with only 32% of rural residents and 88% of residents in small population centres having access to download speeds between 16 and 25 Mbps, compared to near universal access in medium and large urban centres.
11. In terms of quantifying user needs in Northern Canada’s most remote regions, a comprehensive report commissioned in 2014 by the multi-agency Northern Communications and Information Systems Working Group (NCIS-WG) identified a target of 9 Mbps download and 1.5 Mbps upload speeds for residential users to be achieved by 2019.² The report also determined 11 Mbps and 16 Mbps requirements for educational and healthcare users, respectively. While the residential target is lower than some international targets, it should be noted that satellite-dependent communities in Nunavut will only be receiving 3 Mbps download speeds under the “enhanced serviced” being made available starting in 2016 through Industry Canada’s *Connecting Canadians* program.
12. FCM believes that the Commission should continually re-evaluate its broadband speed targets to reflect technological advancements, changes in user needs, traffic, and network capacity. Similar to our international peers, these aspirational speed targets should be supported by a mix of public and private investment in the necessary infrastructure.

The Commission’s role in establishing a long-term funding mechanism

13. FCM believes the Commission has a critical role to play not only in terms of setting broadband speed targets, but also in ensuring that basic telecommunications services, including broadband, are available to all Canadians regardless of the size or level of remoteness of their community.

¹ Federal Communications Commission (January 2015), *2015 Broadband Progress Report and Notice of Inquiry on Immediate Action to Accelerate Deployment*, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-10A1.pdf - see para. 55 for explanation of the speed target used for the FCC’s Connect America program.

² Northern Communications and Information Systems Working Group (January 2014), *Northern Connectivity Ensuring Quality Communications*, prepared by Nordicity, http://northernconnectivity.ca/resources/ncis_wg_report.pdf.

14. In Telecom Regulatory Policy CRTC 2011-291, the Commission concluded that “the deployment of broadband Internet access services, including deployment in rural and remote areas, should continue to rely on market forces and targeted government funding, an approach which encourages private and public partnerships.” However, FCM believes the Commission must take a stronger role in the regulation and monitoring of basic telecommunications services.
15. FCM has previously welcomed targeted government investments in broadband infrastructure, and remains supportive of Innovation, Science and Economic Development Canada’s *Connecting Canadians* program due to its objective of bringing a minimum of 5 Mbps service to underserved areas. The program is anticipated to bring enhanced broadband to a greater number of households than originally expected – at least 356,000 households compared with an original estimate of 280,000 households – with some projects delivering speeds in excess of 5 Mbps.
16. We would note, however, that this type of targeted program also lends itself to last-mile solutions rather than major investments in transport infrastructure (fibre backbone in particular). While last-mile solutions are necessary, investments in backbone are needed to support evolving telecommunications services, as noted by the Commission in the consultation document. A good example of the long-term benefits of investing in transport infrastructure is the Alberta SuperNet, which supports at least 80 service providers including the 1 Gbps network established by the rural community of Olds, Alberta.
17. In March 2016, FCM welcomed the federal government’s proposed \$500-million investment, over five years, to extend and enhance broadband service in rural and remote communities. FCM believes that this funding should build on the success of *Connecting Canadians* and reduce the traditional lag-time in improving broadband service in high-cost serving areas, while allowing for targeted investments to focus on advanced broadband access, rather than primarily on the provision of basic services, which we believe should be funded through an expanded basic service objective.
18. FCM believes that the Commission should adopt a comprehensive and long-term funding mechanism for basic broadband access, and that the existing contribution arrangement for basic telecommunications services offers a logical starting point. While FCM does not have specific recommendations to make at this time regarding the structure of such a funding mechanism, it should be noted that this approach should reduce the traditional lag-time in improving broadband service in high-cost serving areas, while allowing for targeted investments by governments to focus on advanced broadband access, rather than primarily on the provision of basic services. Alternatively, targeted government funding programs and an enhanced basic service objective could each fund a combination of last-mile and transport solutions. Determining the appropriate combination of measures will require a shared effort to establish a national broadband strategy for Canada. This strategy should clearly identify what outcomes are possible through market forces, targeted government funding, and regulatory mechanisms like the basic service objective, respectively.
19. The Commission should also develop a specific strategy for Canada’s North that sets out a sustained funding commitment for developing communications networks as well as a regulatory environment that fosters competition in this area. It is important that the Commission ensure that investment strategies for Arctic communication networks include provisions for rapid technological change and that every Arctic community has a redundant connection to prevent gaps in essential communication services.

The Need for Partnership

20. This consultation provides a historic opportunity to establish a comprehensive, long-term plan for universal access to high-speed broadband. To realize this vision, we believe that all orders of government must work together.
21. FCM believes the Commission has a critical role to play not only in terms of setting broadband speed targets, but also in ensuring that basic telecommunications services, including broadband, are available to all Canadians regardless of the size or level of remoteness of their community.
22. FCM and its member municipalities look forward to partnering with the Commission to develop a long-term plan for universal access to affordable broadband services at evolving speeds.

The Municipal Role in Delivering Broadband Services

23. FCM's members have taken different and innovative approaches to maintaining and delivering broadband services based on their communities' needs, and many local governments have the capacity and expertise to partner with internet service providers and other orders of government to develop networks within a federal or provincial funding framework.
24. However, it is important to note that the smaller scale and limited profitability of these local solutions means they are generally not viable without federal or provincial funding. For example, residents in rural subdivisions in the Regional Municipality of York, ON have partnered with internet service providers and their local municipality to improve broadband connectivity, but their proposal was declined funding under the *Connecting Canadians* program and subsequently has been unable to proceed.
25. Furthermore, while many municipal broadband networks have received one-time federal funding to provide broadband services, these networks cannot improve their coverage or capacity without a sustainable funding mechanism. For example, while the Eastern Ontario Regional Network (EORN) now provides 10 Mbps service to 90 percent of households in their service area through a public-private partnership, it cannot upgrade or expand these services to meet evolving consumer needs without continued investments from government partners.
26. Finally, these last-mile solutions often cannot accommodate services at evolving speeds without leadership from the Commission and the federal government through renewed investments in transport infrastructure. For example, the Olds Institute Technology Committee's Fiber-to-the-Premises (FTTP) project provides Internet speeds of a gigabit per second at a low commercial price to all residents and businesses in Olds, Alberta. However, the FTTP project could not have delivered broadband services at these advanced speeds without connecting to the Alberta Supernet, a provincially funded network with Points of Presence in 429 Alberta communities.

Recommendations

27. Based on the above assessment of the connectivity challenges facing Canada's rural, northern and remote communities, FCM continues to recommend that the Commission:

- Expand the basic service objective to include universal access to affordable high-speed broadband Internet at speeds that reflect present realities and guarantee long-term, reliable connectivity;
- Continually re-evaluate its broadband speed targets to reflect technological advancements, changes in user needs, traffic, and network capacity; and
- Adopt a national, comprehensive and long-term funding mechanism for basic broadband access to complement the current mix of targeted government programs and public-private partnerships.

Conclusion

28. Closing the broadband gap and reducing the significant lag-time in bringing faster speeds to rural and remote areas requires the CRTC to update its approach to basic telecommunications services by incorporating high-speed broadband access as an essential service. This consultation provides a historic opportunity to establish a comprehensive, long-term plan for universal access to high-speed broadband. Expanding the basic service objective to include high-speed broadband is critical to enhancing Canada's global competitiveness and ensuring that all Canadians have access to affordable and reliable broadband service at speeds comparable to Canada's peers in the United States, Europe and elsewhere.
29. For additional information or inquiries, please contact Daniel Rubinstein, Senior Manager, Policy and Research, at drubinstein@fcm.ca or 613-907-6294.

ANNEX A – INTERNATIONAL COMPARISON OF TARGET SPEEDS

Country	Download Target	Coverage Target	Timeframe
Canada	5 Mbps	Most households, with some exceptions in the North	2017
	3 Mbps	Northern households	
United States	100 Mbps	95% of households	2020
Australia	12 Mbps	93% of households	2020
	100 Mbps	7% of households	2020
Finland	100 Mbps	100% of households	2016
Germany	50 Mbps	100% of households	2020
Japan	100 Mbps	100% of households	2016
Denmark	100 Mbps	100% of households	2020
Sweden	100 Mbps	90% of households	2020
United Kingdom	24 Mbps	95% of households	2017
New Zealand	100 Mbps	75% of urban households	2019
Germany	50 Mbps	100% of households	2020
EU guidance	30 Mbps	100% of households	2020
	100 Mbps	50% of households	2020
Egypt	25 Mbps	90% of households	2021
Israel	100 Mbps	66% of households	2019
Spain	100 Mbps	100% of households	2020

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