

From the Office of the President and CEO

March 26, 2019

The Honourable Navdeep Bains  
Minister of Innovation, Science and Economic Development

Director General  
Telecommunications and Internet Policy Branch,  
Innovation, Science and Economic Development Canada,  
235 Queen Street, 10th Floor, Ottawa, Ontario K1A 0H5

Re: March 9, 2019 notice Canada Gazette, Part I, Volume 153, Number 10: Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation

Dear Minister Bains,

Last month, your office released a proposed direction to the Canadian Radio-television and Telecommunications Commission (CRTC) specifying how it should implement certain policy objectives set out in the *Telecommunications Act*.

On behalf of Ontario's business community, the Ontario Chamber of Commerce would like to express grave concern about the impact this will have on economic development in our province. Access to high-quality telecommunications networks is a basic infrastructure requirement in today's economy. Communities rely on high-speed connectivity to attract businesses and talent, innovate and modernize, educate their populace, and engage with the rest of the world.

The proposed order reflects a fundamental shift in federal policy that would deter industry from continuing to make critical investments in telecommunications infrastructure. Requiring the CRTC to encourage all forms of competition would reverse a longstanding successful policy of promoting facilities-based competition and instead require service providers to make the networks they build available to competitors.

Under the proposed order, wireless network builders will be deterred from upgrading or expanding their networks because they will have to share these enhancements with competitors. This will, in turn, reduce the quality of our telecommunications networks over time and disrupt efforts currently underway to expand networks to underserved regions.

At bottom, the proposed policy direction is based on the assumption that the wireless market is currently failing. This is untrue. Industry is making significant progress in improving the access and affordability of wireless networks. Over the past 5 years, facilities-based wireless carriers have

invested over \$15 billion in network infrastructure and over \$8 billion in spectrum auctions.<sup>1</sup> As a result, wireless prices in Canada have fallen by 54% since 2014<sup>2</sup> and The Economist now ranks Canada first in affordability of broadband (both wireless and wireline) services.<sup>3</sup>

Sustained industry investment in telecommunications infrastructure is needed to unlock regional economic development in rural and remote communities and ensure that homes and businesses across the country have access to world-class networks.

The timing of this proposed policy direction is of particular concern. At the moment, industry is poised to make large capital investments in rural broadband and next-generation (5G) wireless networks. Fibre-to-the-home build-outs are only partially complete. Regional competitors, such as Xplornet and Eastlink, are particularly vulnerable to resale competition.

Facilities-based competition drives network investment. The Ontario business community urges the Government of Canada to reconsider its proposed policy direction to the CRTC to support continued improvements to network access and affordability.

We welcome the opportunity to discuss the issue further.

Sincerely,



Rocco Rossi  
*President and CEO*  
*Ontario Chamber of Commerce*

CC: Hon. Todd Smith – Minister of Economic Development, Job Creation and Trade, Government of Ontario

Hon. Monte McNaughton - Minister of Infrastructure, Government of Ontario

Hon. Perrin Beatty – President and CEO, Canadian Chamber of Commerce

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<sup>1</sup> Canadian Wireless Telecommunications Association. 2019. “Facts and Figures.” <https://www.cwta.ca/facts-figures/>.

<sup>2</sup> Statistics Canada. 2019. “Telecommunications service price indexes, second quarter 2018.” <https://www150.statcan.gc.ca/n1/daily-quotidien/190201/dq190201a-eng.htm>.

<sup>3</sup> The Economist. 2019. “The Inclusive Internet Index 2019 – Affordability rankings.” <https://theinclusiveinternet.eiu.com/explore/countries/performance?category=affordability>.