

February 3, 2020

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

RE: *Canada Gazette, Part I, December 14, 2019, Volume 153, Number 10: Notice No. TIPB-002-2019 — Petitions to the Governor in Council concerning Telecom Order CRTC 2019-288*

Dear Director General,

In August 2019, the Canadian Radio-television and Telecommunications Commission (CRTC) reduced the wholesale rates Internet resellers pay to use the networks of facilities-based carriers (Telecom Order CRTC 2019-288).

On behalf of Ontario's business community, the Ontario Chamber of Commerce (OCC) would like to express concern about the impact this will have on economic development in our province. Access to high-speed internet services is a basic infrastructure requirement in today's economy. Communities rely on high-speed connectivity to attract businesses and workers, innovate, connect to supply chain networks, and engage with the rest of the world.

The new wholesale rates ordered by the CRTC are considerably lower than those applied since 2016 and will require facilities-based carriers to offer broadband access to resellers at rates that are in many cases below the carriers' costs, effectively forcing them to incur a negative rate of return.

Historically, the CRTC has strived to set wholesale rates that achieve a balance between incentivizing investments from network builders and enabling resellers to offer competitive retail prices to consumers. As a result, industry has made significant progress in improving the access and affordability of high-speed internet. Over the past five years, facilities-based providers have invested over \$41 billion in network infrastructure. Internet access prices in Canada have remained essentially stable since 2014,¹ while Canadians consumed 33 percent more internet usage over the same period and purchased 53 percent higher internet speeds each year.²

¹ Statistics Canada. 2019. "Consumer Price Index - Household Operations, furnishings and equipment."
<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000405>.

² CRTC 2019 Communications Monitoring Report figure 9.5 and 9.6 <https://open.canada.ca/data/dataset/8a80c08b-ba7e-4a72-869e-f7fcdc6eb6e3/resource/2f5a5a87-599a-4c25-b7bb-5c4527b8e32a/download/open-data-retail-fixed-internet-sector-and-broadband-availability.xlsx>

The CRTC's recent order fails to strike this important balance and will force Canada's major network providers to reduce their investments in broadband networks, especially in rural regions. In fact, many have already announced reductions to their planned investments. The timing is concerning, as the digital economy is growing rapidly and industry is poised to make large capital investments in rural broadband and next-generation (5G) wireless networks.

The OCC urges the Government of Canada to refer Telecom Order CRTC 2019-288 back to the CRTC for reconsideration of wholesale rates. Final rates should promote the government's key public policy objectives: affordability, competition, investment, innovation, and the expansion of high-speed internet access across rural, remote, and Indigenous communities.

Further, new wholesale rates should only be applicable on a forward-looking basis. The CRTC's decision to apply its new rates retroactively to 2016 forces carriers to make more than \$325 million in retroactive payments to resellers. This unfairly penalizes carriers for using rates that were authorized by the CRTC.

We welcome the opportunity to discuss the issue further.

Sincerely,



Rocco Rossi
President and CEO
Ontario Chamber of Commerce

CC:

Hon. Navdeep Bains – Minister of Innovation, Science and Industry, Government of Canada

Hon. Maryam Monsef – Minister for Women and Gender Equality and Rural Economic Development, Government of Canada

Hon. Victor Fedeli – Minister of Economic Development, Job Creation and Trade, Government of Ontario

Hon. Laurie Scott – Minister of Infrastructure, Government of Ontario

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