December 18th, 2015

Clerk of the Privy Council and Secretary to the Cabinet
Langevin Block
80 Wellington Street
Ottawa, Ontario
K1A 0A3
Also sent by e-mail to: ic.telecomsubmission-soumissiontelecom.ic@canada.ca


Dear Madam,

Attached please find a submission by Bell Pensioners’ Group (BPG), concerning the above-noted matter.

Yours truly

Daniel McDonald
President, Bell Pensioners’ Group

www.bellpensionersgroup.ca

Attachment

cc:  Director General, Telecommunications Policy Branch, Industry Canada
     The Hon. Navdeep Bains, P.C., M.P.,
         Minister of Innovation, Science and Economic Development
     The Hon. Amarjeet Sohi, P.C., M.P.,
         Minister of Infrastructure and Communities

In accordance with Gazette Notice DGTP-002-2015, the Bell Pensioners’ Group (BPG) is pleased to provide this submission in support of a petition to the Governor in Council by Bell Canada seeking a variation of a decision issued by the Canadian Radio-television and Telecommunications Commission (CRTC) concerning wholesale regulation of high-speed internet access services. This CRTC decision requires, for the first time in Canada, and contrary to international trends, that companies like Bell who build brand new, state-of-the-art fibre-to-the-home (FTTH) networks provide access to and use of those networks by resale-based competitors who choose not to invest in such technology.

BPG is an association of pensioners from Bell and its affiliates. It is a not-for-profit organization incorporated in 1995 that advocates on behalf of the more than 30,000 retirees of Bell and their beneficiaries. Its activities are enabled by member volunteer work and membership dues. BPG is also a founding member of the Canadian Federation of Pensioners, a growing network of pensioner groups that together represent 250,000 retired individuals across Canada. The primary objective of BPG is to protect the Bell Canada defined benefit pension plan and benefits of its members.

We strongly support Bell Canada’s petition and the changes it seeks to the CRTC’s wholesale services decision. That decision is not only contrary to long standing government policy favouring facilities-based competition over resale-based competition, but it also stands in stark contrast to what we understand to be some of the core economic objectives of the current government. These include investing in growing our economy, strengthening the middle class, and public investment as a means of spurring economic growth, job creation and broad-based prosperity. In fact, an overarching goal of the newly created Ministry of Infrastructure and Communities is to begin to rebuild Canada for the 21st Century which, among other things, will require significant new investments in key strategic infrastructure that will increase trade and economic growth. And a core mandate of the newly-named Ministry of Innovation, Science and Economic Development is to propel Canada’s innovation agenda, much of which will depend on Canada’s advanced broadband infrastructure for its success.

The group of pensioners we represent do not wade into this debate lightly. Our raison d’être is to advocate for policies and pension regulations that do not jeopardize our earned pensions. In fact, BPG rarely intervenes in matters before government that do not directly involve pension policy or regulation. We have chosen to do so in this case because we feel strongly that another important aspect of protecting our pensions is to support sound economic policies and regulatory frameworks for the telecom industry within which companies like Bell and other industry players operate. In our view, it is critical that their success or failure be determined by the marketplace and not by artificial regulatory obstacles. The CRTC’s decision, if left unchanged, will create precisely such obstacles, to the detriment of Canadians generally.

By all accounts, Canada is among the world leaders today in broadband deployment. That is unquestionably good for Canadian consumers, our communities, and small and large businesses alike. Indeed we depend on broadband to inform and entertain ourselves, for work, to telecommute, and to engage with our governments, among many others things. And Canadians are blessed to have a broadband marketplace characterized by multiple providers: with telcos, cablecos, wireless providers and many others building broadband networks and competing to offer Canadians choice and high quality service. It was therefore with some
surprise and indeed alarm that we learned of the CRTC’s decision last July requiring that Bell surrender the use of its fibre-to-the-home network to resale-based competitors who will now be able to offer broadband service over FTTH without themselves having to make the kinds of investments that Bell, the cable companies and others are making in these networks. Those who have chosen to build these networks have risked huge amounts of capital to do so.

It is important to recognize that these networks are brand new. They do not use “legacy” components or infrastructure that was built in a monopoly era. Nor have these networks even been completed yet. Indeed, while Canada’s FTTH performance has been impressive, especially considering its vast geography and low population density, the rollout of FTTH is still in its infancy in Canada, being confined for the most part to the larger population centres. The CRTC’s decision seems, unintentionally no doubt, destined to keep things that way or, at the very least, to slow any advancement toward more FTTH expansion. Canadians who live outside the most densely populated areas, like many of our members, will be unable to reap the benefits of advanced FTTH networks. And for those FTTH networks that have been built, the CRTC’s decision will inhibit the inevitable upgrading of these networks down the road, as FTTH technology continues to evolve.

On one level, requiring those who invest in digital infrastructure to surrender their networks to those who choose not to invest seems innately unfair. But quite apart from any debate about that, such a policy also seems destined to be harmful to Canada’s economic interests and goals. At a time when, more than ever, Canada is seeking to encourage innovation and infrastructure investment, it seems totally counterproductive to adopt a telecom policy that is bound to discourage private sector investment in world leading telecom infrastructure.

Bell’s petition has provided a wealth of detailed evidence and studies to demonstrate a number of economic propositions in support of its request. While we appreciate the thoroughness and sophistication of these studies and their authors, to us they simply prove what, by now, should be rather common sense propositions, namely that:

1) advanced telecom network deployment in the form of FTTH and very high speed cable broadband has a positive economic impact on the economy; and

2) mandating competitor access to such networks in a competitive environment will discourage the building of these networks by those who are required to share the fruits of their investment with their competitors.

These propositions seem rather self-evident to us. As retirees from the telecom industry, we understand all too well that if the telcos and cablecos are required to share the revenue streams from their investment, the result will be much less motivation to build more networks because the business case for such investment worsens, especially in rural territories. In any event, the studies provided by Bell should dispel any doubt about the validity of these fundamental economic propositions that may be harboured by any objective, skeptical observer.

As a result, we believe that the CRTC’s decision will threaten Canada’s world leadership in broadband deployment and use. And it will reduce infrastructure investments and jobs in a key industrial sector, at a time when Canada needs both. The decision also runs counter to the regulatory trend in much of the rest of the world, including in the US where mandatory access to such networks has been explicitly rejected by policy makers.
The current government has come to power on a platform that stresses the importance of, and need to encourage, innovation and infrastructure investment. Indeed, as noted above, the government has created two new Ministries to facilitate the achievement of these goals, one of which is known as “Innovation, Science and Economic Development” and the other as “Infrastructure and Communities”. The government has also pledged to run budgetary deficits for a period of time aimed at encouraging and subsidizing infrastructure investment.

Bell’s proposition offers the government a unique opportunity to facilitate infrastructure investment in a sector that is key to economic prosperity….and all without spending a dime of taxpayer money. All that is required of government is to remove a regulatory roadblock to such investment. Not only is Bell’s request completely consistent with this government’s economic agenda, but failing to act would run entirely against the government’s goals. It seems to us that the inevitable result of government inaction will be a reduction in network infrastructure investment by network builders, with Canadians outside the most densely populated areas finding themselves on the wrong side of a digital divide, and an adverse effect on employment and the competitiveness of the Canadian economy.

We urge the government to avoid this outcome and change the CRTC’s decision in the manner requested by Bell. Clearly, this is not the time for regulation of FTTH or very high speed cable networks, especially while the rollouts of these new next-generation networks are still in their infancy. At a minimum, any question of the possibility of mandatory access to these networks should be delayed until this technology is more mature and ubiquitous.

We thank you for the opportunity to present our views.