

January 19, 2021

INTERVENTION

TELECOM NOTICE OF CONSULTATION CRTC 2020-367

Call for Comments – Review of the Commission’s Regulatory Framework for Northwestel Inc. and the State of Telecommunications Services in Canada’s North

The Standing Committee on Economic Development and Environment (Committee), of the Legislative Assembly of the Northwest Territories is submitting the following comments to the Telecom Notice of Consultation CRTC 2020-367.

The Committee is composed of regular elected Members of the Legislative Assembly. The views of Committee do not represent the GNWT but the views of the Committee alone, composed of elected Members of the Legislative Assembly representing various regions across the NWT (see Appendix A for Member listing).

The Committee held public briefings with the Department of Finance and NWT telecom service providers in preparation for submission of the following comments to the Commission.

On [December 7, 2020](#) Committee met with: Department of Finance, KatloTech Communications, SSI Canada and New North Networks. On [December 16, 2020](#) Committee met with Northwestel.

Committee recognizes the GNWT mandate to:

- support the development of fast and reliable broadband internet services for NWT communities; and
- ensure distance learning opportunities are available in all NWT communities.

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A priority for Committee is to reduce the digital divide for NWT residents. To increase the affordability, accessibility and reliability of telecommunications services in the NWT. NWT residents should have the same telecommunication services and options as the average Canadian. Northern and Indigenous businesses need to be prioritized as service providers where there are gaps in the delivery of telecommunication services.

Committee also recognizes the mission of the [CRTC](#) to connect Canadians to quality and innovative communication services at affordable prices. And the activities of the CRTC not limited to encouraging competition in telecommunications markets to ensure Canadians have a choice of innovative and affordable services.

State of the NWT

The territory covers 1,346,106 square kilometres¹, the 3rd largest jurisdiction in Canada, with a population of just over 45,000 people².

As the Commission is aware, all communities in the NWT have access to the Internet, but the northern part of the territory is still largely connected on out-dated, slow, intermittent infrastructure. The southern part of the territory, may be connected to the fibre link, lacks redundancy, and is subject to outages. While the Mackenzie Valley Fibre Link project is complete, the distribution of internet services into the communities along the route has not been significantly changed.

Some of the most remote communities in the territory are currently served by geo-stationary satellites: Sambaa K'e, Łutselk'e, Wekweètì, Gamètì, Colville Lake, Paulatuk, Ulukhaktok, Sachs Harbour.

Highways in the NWT have major gaps in cellular service, a serious safety concern for all residents and businesses. Based on the latest [highway collision](#) report, highway traffic accidents have increased 3.2% up to 97 collisions annually in the NWT. The highest number of collisions occurred during winter months, when temperatures are frequently in -20°C to -30°C range. Despite urged calls to action from indigenous leadership, [cellular service along highway 3](#) in particular remain unaddressed.

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¹ GNWT, Bureau of Statistics, Conserved Areas, by Province and Territory, 2019

² GNWT, Bureau of Statistics, Quarterly Population Estimate, 2020

In the NWT 16.4% of residents do not have any access to home internet. The regions with the highest percentage of un-connected homes are the Deh Cho at 43% and the Tłıchǵ at 41%³.

Household annual income is directly linked with household internet services. Nearly 45% of NWT households without home internet access had incomes less than \$50,000¹.

The communities served by satellite are some of the highest proportioned households with 6 or more people⁴.

The communities served by satellite are also the most removed from basic services such as hospital or post-secondary education. Internet services are especially more critical in the more remote locations.

These communities are also among the most expensive places to live in the territory. The entire Beaufort Delta region, followed by the Sahtu region have the highest living cost differentials in the territory⁵.

The satellite communities are also among the lowest income brackets for the territory⁶. They are among some of the highest percentages of persons with annual incomes less than \$15,000⁷.

These factors should inform decisions around monthly data allowances and reduced overage charges.

Committee recognizes NWTel's intention to provide consistent rates across the territory.

The issue is that rates are simply too high. The user-price for northern communication services remains highest in the country⁸.

CRTC is aware of this from previous policy decisions and most recently from the NWT intervener submissions into Northwestel's recent [TN 1099 application](#).

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³ GNWT, Bureau of Statistics, Home Internet Access Report, 2019

⁴ GNWT, Bureau of Statistics, Households with 6 or More People, NWT 1981 - 2019

⁵ GNWT, Bureau of Statistics, Living Cost Differentials, 2018

⁶ GNWT, Bureau of Statistics, Average Employment Income by Community, 2009 to 2018

⁷ GNWT, Bureau of Statistics, % Persons with Income Less than \$15,000, 2009 to 2018

⁸ Canadian Radio-television and Telecommunications Commission, Communications Monitoring Report 2018

Context of the CRTC

The [Federal Telecommunications Act](#) key objectives 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada.

The [Telecom Regulatory Policy 2016-496](#) established a Universal Service Objective of the CRTC for Canadians, in urban areas as well as in rural and remote areas, to have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks.

The CRTC has well documented the gap in availability of high quality broadband Internet access services, including the affordability and digital literacy skill levels across Canada and the north.

Committee recognizes there are provisions within the [Telecom Regulatory Policy CRTC 2018-377](#) to provide an opportunity for new entrants and community organizations to apply for funding.

Committee is concerned the Commission's Broadband Fund is not effectively distributing funding to telecommunication companies that can foster competition in the NWT.

Principle Concerns

CRTC funds one business in the NWT that continues to expand ownership and control over telecommunications infrastructure and services for the NWT.

It is not in the interests of the NWT to have one telecommunications provider. The market needs to be open, and accessible, where competition is enabled. Special considerations, subsidies or incentives need to be introduced to diversify the NWT market and provide equitable access for business development. Funding to Northwestel should be tied to providing reasonable third-party internet access.

CRTC has the ability to amend policies and guidelines on funding programs to better align with business development in the NWT.

CRTC also has the ability to set rates for retail and wholesale customers that will foster competition in the market, support the growth of a diversified telecommunications sector, and ultimately provide options for end-users.

CRTC has the ability to order companies to avoid anti-competitive practices.

The value of local business cannot be underestimated.

Private business based in small communities is a sustainable approach to establish a point of presence and be a local internet service provider, as a community based business is better positioned to maintain service and repair local networks, respond to customer concerns, facilitate access to computers, and support the development of online literacy skills. In addition to the social and economic value a local business brings to its community.

The Committee recognizes the cost of doing business in the north is much higher as compared to southern Canada, however it is also more important to provide reasonable and fair prices for internet service in the remote regions of northern Canada where people are already marginalized and isolated.

Committee has reviewed the comments from NWT residents into the TN 1099 application by Northwestel. There was a significant outpouring of opposition to the rates as proposed by Northwestel with their unlimited packages. Residents of the NWT are not happy; they are vocalizing their concerns and organizing themselves to reduce the [NWT's digital divide](#).

The [Standing Committee on Government Operations](#) notes there is no clear plan for connecting outlying communities to the Mackenzie Valley Fibre Link. This committee further recommends the GNWT develop a digital communications plan to provide all communities with high-speed internet services.

The [Standing Committee on Economic Development and Environment](#) recommended the GNWT to develop a costed plan to provide broadband Internet connectivity comparable to the rest of Canada.

Lacking any integrated comprehensive NWT plan for internet connectivity, the proposal as presented by NWTel to the CRTC broadband fund may appear as the only viable option to proceed. However, Committee urges the CRTC to consider that there is room and capacity locally to lay broadband networks, establish local internet service providers and to provide competitive, quality, reliable and affordable telecommunication services. These companies however cannot compete with an international telecommunications corporation.

There is no NWT telecommunications plan that identifies how the NWT will have affordable and accessible internet and cellular service. Development is driven by Northwestel's Modernization Plan, funded by the CRTC and the [GNWT's Mandate](#) to support the development of fast and reliable broadband internet service. This leaves the NWT completely dependent on Northwestel to deliver all internet services with little public ownership over the base infrastructure.

Recommendations to CRTC

Recognizing the CRTC is considering the affordability of telecommunications services for Canadians and whether telecommunications services in the North should be subsidized.

Committee recommends the CRTC refresh the approach to telecommunications funding and regulatory oversight in the NWT. Standing Committee recommends the CRTC incorporate the suggestions below into the current deliberations under Northwestel's TN 1099 Application.

CRTC is distributing public funding. Committee recommends the CRTC review and revise policies and guidelines of funding programs, such as the broadband fund, to ensure it is achieving the intended objectives.

Committee recommends the administration of CRTC funding in the NWT to:

1. Encourage the development of localized community network solutions, where Indigenous communities and local businesses are prioritized in the development, operations and maintenance of local telecommunication services.
2. Set aside funds specifically to stimulate the development or expansion of NWT internet service providers to complete the 'last mile' connections from fibre optic lines.

3. Develop eligibility criteria for subsidies and funding to companies that can demonstrate proof of a local presence, through operations, employment, contracting, ownership etc.
4. Encourage diversity in the telecommunications sector by requiring Northwestel to provide third-party internet access.
5. Provide funding conditional to companies who set retail and wholesale rates that are competitive with the rest of Canada regardless of the service location
6. Provide funding conditional that special consideration and financial subsidy be available to increase monthly data caps, and/or decrease overage charges in the satellite served communities.

Recognizing the Commission is considering whether additional regulatory measures are required in the North.

The Committee recommends the CRTC order Northwestel to:

1. Require Third Party Internet Access
2. Provide wholesale connection to competitors at the reasonable and fair rates
3. Approve retail and wholesales rates that are not inflated but competitive with the rest of Canada, regardless of the location of service delivery

Additionally, the regulatory regime applied to large Internet Local Exchange providers that influence pricing rates should not be the same regime applied to small Internal Local Exchange providers.

Committee recommends the CRTC to work with Government of Canada to update rural maps for the NWT, to ensure that residents of the Ingraham trail outside of Yellowknife, along with rural areas on the outskirts of NWT communities are considered in telecommunications development and services.

Committee believes that completing cellular service along primary highways in the NWT be prioritized through CRTC funding and regulatory decisions as a matter of public safety.

And finally, Committee recommends the CRTC hold public hearings in the NWT as part of this 2020-367 telecom consultation.

Thank you for the opportunity to provide comments into the Commission's review of the regulatory framework for Northwestel Inc. and the state of telecommunications services in Canada's North. Committee would be pleased to have an opportunity to present this submission in person to the Commission and would strongly encourage public hearings across the North to enable public participation in this important public debate.

Sincerely,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned below the word "Sincerely,".

Jackie Jacobson, Chair
Standing Committee on
Economic Development and Environment

- c. Committee Members, SCEDE
Hon. Caroline Wawzonek, Minister of Finance
Committee Staff, SCEDE