



Government of Northwest Territories  
Gouvernement des Territoires du Nord-Ouest

# THE GOVERNMENT OF THE NORTHWEST TERRITORIES

## FINAL ARGUMENT

Telecom Public Notice 2015-134

## REVIEW OF BASIC TELECOMMUNICATIONS SERVICES

25 May 2016

## Contents

SUMMARY OF RECOMMENDATIONS .....	1
1. TOWARDS A NATIONAL BROADBAND STRATEGY .....	3
2. THE BASIC SERVICE OBJECTIVE (BSO) SHOULD BE AMENDED TO INCLUDE HIGH SPEED INTERNET .....	4
3. HIGH SPEED INTERNET SPECIFICATIONS TO BE INCLUDED IN THE BSO.....	6
(i) General Approach .....	6
(ii) Basic High Speed Internet Speed Requirements .....	9
(iii) Basic High Speed Internet Data Usage Requirements.....	13
(iv) Other Non-Price Basic High Speed Internet Requirements.....	14
(v) Periodic Adjustments.....	14
4. A NEW SUBSIDY IS NEEDED TO EXTEND HIGH SPEED INTERNET SERVICE TO UNSERVED AND UNDERSERVED AREAS .....	14
5. A NEW SUBSIDY IS NEEDED TO ENSURE THE AFFORDABILITY OF HIGH SPEED INTERNET SERVICE .....	16
6. THE EXISTING LOCAL SERVICE SUBSIDY SHOULD BE MAINTAINED.....	23

## SUMMARY OF RECOMMENDATIONS

- E.1 The GNWT encourages the CRTC in its Decision in this proceeding to report on any and all matters where it sees a need or opportunity for concerted action and where it lacks the authority to itself resolve the issues it feels must be addressed. At the same time the GNWT would strenuously encourage the CRTC to avoid further delay and, where it has the necessary powers, to itself take immediate action to address the specific issues this proceeding was established to resolve.
- E.2 Specific steps the CRTC should take in this proceeding without further consultation are as follows:
- 1. The GNWT recommends that high speed Internet should be designated as a basic service.**
  - 2. The GNWT recommends that the definition of high speed Internet to be included as part of basic service be based upon the level of service needed to allow full participation in the digital economy and not upon some normatively defined level of minimalist requirements.**
  - 3. The GNWT recommends that high speed Internet basic service be defined as requiring minimum speeds of 25 Mbps download and 3 Mbps upload or more. Failing this the speed requirements should be established at 15 Mbps download and 2 Mbps upload.**
  - 4. The GNWT recommends that unless unlimited usage is mandated then the high speed usage allowance included as part of basic service should be approximately 125 Gb per month.**
  - 5. The GNWT recommends that the CRTC include quality of service requirements relating to service elements including latency and jitter in its definition of basic high speed Internet service.**
  - 6. The GNWT recommends that the basic service objective for high speed Internet be reviewed every three to five years.**
  - 7. The GNWT recommends the provision of a new subsidy for extending basic high speed Internet service to all currently unserved and underserved regions through a competitive bidding process. The GNWT suggests that the CRTC could work collaboratively with the federal government in the detailed design and implementation of this subsidy program.**

- 8. The GNWT recommends that the CRTC introduce a subsidy, similar in design to that used for local voice service, to bring Northern rates for basic high speed Internet service closer to Southern levels. Appropriate targets for such rates would be between \$30 and \$70 a month depending upon what speed requirement is defined for basic high speed Internet service.**
  - 9. The GNWT recommends that the existing local service subsidy be maintained using existing affordability levels.**
- E.3 If further action, past that recommended by the GNWT to reduce the disparity between Northern and Southern rates, is found necessary to address broader affordability issues this could be done through the proposals of the Affordable Access Coalition (AAC) and ACORN. The issue could also be referred to an Advisory Council on National Broadband Strategy.
- E.4 The GNWT believes that broader issues related to digital literacy could also be referred to an Advisory Council on a National Broadband Strategy.

## 1. TOWARDS A NATIONAL BROADBAND STRATEGY

1. This proceeding was initiated on 9 April 2015 in Telecom Notice of Consultation 2015-134 which in its first line succinctly described the hearing as follows

*The Commission will examine which telecommunications services Canadians require to participate meaningfully in the digital economy and the Commission's role in ensuring the availability of affordable basic telecommunications services to all Canadians.*

2. Over the course of the following year the GNWT filed two substantial interventions, asked and responded to numerous interrogatories, and read the submissions and other materials filed by the many other government organizations, industry players, trade organizations, special interest groups and private citizens that also made submissions.
3. A three week public hearing began on 11 April 2016, during which over 80 oral presentations were made to the Commission. This hearing was closely monitored by the GNWT.
4. During the course of the hearing the Chairman delivered a special statement in which he stated<sup>1</sup>

*Clearly, the CRTC has work to do under its jurisdiction. This is the purpose of this proceeding. We will consider such things as basic service objectives and the potential use of redefined subsidy mechanisms.*

*But beyond the CRTC, is there a role for others? Government. What level of government? The private sector through pure market forces, or a combination of all or some of these? And how do we bring coherence and coordination to the actions of many?*

*This all brings us to the most important question to be asked. Does Canada currently have a national broadband strategy?*

5. The Chairman suggested that there was in fact no such strategy and that responsibility for developing and implementing such a strategy lies with a number of other government and non-government authorities in addition to the CRTC<sup>2</sup>. He then added that

*.....in light of all this, it strikes us that this proceeding launched over 12 months ago may very well be the last best chance to get it right. A chance to create together a coherent national broadband strategy through an open and transparent process based on evidence from all Canadians, achieve to the extent possible through consensus, and implement it through shared responsibility.*

6. The GNWT applauds this broad view and focus and encourages the CRTC in its Decision in this proceeding to report on any and all matters where it sees a need or opportunity

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<sup>1</sup> Transcript Volume 6 paras 7587-7589.

<sup>2</sup> Transcript Volume 6 para 7604.

for concerted action and where it lacks the authority to itself resolve the issues it feels must be addressed.

7. At the same time the GNWT would strenuously encourage the CRTC to avoid further delay and, where it has the necessary powers, to itself take immediate action to address the specific issues this proceeding was established to resolve.
8. At its core these two issues are to develop mechanisms to extend basic high speed Internet service to all Canadians and to ensure the affordability of such services.
9. In developing such mechanisms the Commission must be guided by the telecommunications policy objectives enumerated in section 7 of the Telecommunications Act and the myriad powers bestowed upon the Commission including under section 46.5(1) of the Act which states

*The Commission may require any telecommunications service provider to contribute, subject to any conditions that the Commission may set, to a fund to support continuing access by Canadians to basic telecommunications services.*

10. In the comments that follow, the GNWT is focusing its remarks on what it believes is the appropriate definition of high speed Internet service and on those steps the CRTC should take to immediately enhance the access to and affordability of such service.
11. The GNWT believes that broader issues related specifically to digital literacy could be referred to an Advisory Council on a National Broadband Strategy. For that reason we have not addressed those issues in what follows.
12. Lastly, we note that an important set of issues was raised in this proceeding by a variety of groups representing individuals with visual, hearing and other impairments. While the GNWT is strongly supportive of the efforts of these groups we have not taken any positions with respect to their specific proposals. We do however urge the Commission to carefully study their proposals and to take concrete actions to address their concerns.

## 2. THE BASIC SERVICE OBJECTIVE (BSO) SHOULD BE AMENDED TO INCLUDE HIGH SPEED INTERNET

13. There was near universal agreement in this proceeding on one thing: that high speed Internet plays a vital role in nearly all aspects of Canadian life. It facilitates participation in economic activities ranging from job search to online buying and selling and to the operation of internal and external business processes. It is increasingly used for educational purposes ranging from online courses, to submitting homework assignments, to using services such as Wikipedia and You Tube to undertake research. It is used to interact with government to obtain information about available programs, to submit applications, to watch CRTC hearings, and a thousand other things. It is used in the medical arena to transfer information, to undertake remote diagnostics and monitoring, and to research needed medical information. As

well as allowing more equitable access to health services, in some cases it can quite literally make the difference between life and death. It can be used for tele-justice and to keep in touch with friends and family. And yes, it can be used for entertainment purposes including gaming and watching movies. These and hundreds of other uses of the Internet are made by Canadians every day, and Canadians are ever more dependent on it in all aspects of their daily lives. For some it has become a replacement for cable and over the air television. For many it now serves as their principal information source. And in remote communities in particular it is relied upon to access services that simply are not available on site.<sup>3</sup>

14. This reliance applies for both residential and small business users. For small business, high speed Internet provides a critical tool for connecting with and offering services to both suppliers and end customers. It can also constitute an important element of a business service offering as in the tourist sector where many customers demand they remain able to stay reliably connected during their travels. And it can provide an important tool for activities such as obtaining required training and skill development for both individuals and businesses.<sup>4</sup>
15. Not only are rural and remote populations directly harmed by the absence of reliable high speed Internet but as the Federation of Canadian Municipalities,<sup>5</sup> the NWT Association of Communities<sup>6</sup> and others testified its absence places these communities at a severe handicap in attracting and retaining residents and businesses.<sup>7</sup>
16. The above and other uses of high speed Internet, and Canadians' reliance upon them has, as the CRTC Communications Monitoring Reports and Ekos study<sup>8</sup> demonstrate, been growing and both the speeds employed and the data capacity used by Canadians continue to increase.

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<sup>3</sup> The GNWT takes particular exception to the comments of Sasktel in its response to interrogatory SASKTEL(AAC)14AUG15-7 NC 2015-134 which argues that broadband service is not essential stating that 'All truly critical applications that can be accessed via the Internet can also be accessed via voice lines and in person. If this was not the case then the providers of the critical service, whether it be a government agency providing emergency, health care, or other services; a business attempting to sell or buy service; or a bank wishing to provide financial service; would be unable to reach a certain segment of society.' In taking this position Sasktel implies that the advantages the Internet offers in addressing the problems of isolation are a mere luxury and wilfully ignores the very real isolation that many rural and remote communities face.

<sup>4</sup> See for example the remarks of Dr. Hudson on behalf of the First Mile Connectivity Consortium, who testified at paragraph of Transcript Volume 1 that "Another option that we found in some of our research was Webinars for professional development, so people working in the community and maybe they're doing them from home or wherever. But there's a lot of training opportunities available for people to upgrade their skills or to get certification, which they need to advance in their jobs or qualify for other jobs. And they're saying, even the small businesses and organizations, "We can't afford to use enough bandwidth to participate in those and it's very expensive or perhaps totally impractical to send our people away for face-to-face training somewhere."

<sup>5</sup> See for example Transcript Volume 5 paras 6597 to 6601.

<sup>6</sup> Transcript Volume 2 para 3406.

<sup>7</sup> The importance that the GNWT attaches to the availability of improved high speed Internet access is amply demonstrated by its own \$80 million plus investment in the Mackenzie Valley Fibre Line discussed in its 30 June 2015 response to CRTC information requests.

<sup>8</sup> Lets Talk Broadband Report, submitted to the CRTC on 18 March 2016. Prepared by Ekos Research Associates Inc.

17. Yet while no party to the proceeding denies that high speed Internet service plays a vital role in Canadian life and while the vast majority of submissions argued that it should be considered by the CRTC to be a basic service, a much smaller number of parties argued that it should not be considered a basic service. For the most part these were service providers whose position appeared to be motivated primarily by a desire to avoid regulatory intervention or any requirement that they support subsidy funding of needed investments, though it should be noted that there were also many service providers who did support including high speed Internet as part of basic service. These parties included Rogers, Telus, One Web and SSI among others.<sup>9</sup>
18. Those service providers opposing designating high speed Internet as basic service argued that there is no need for the CRTC to take any action or overly concern itself with high speed Internet as a combination of market forces and actions taken by federal, provincial, territorial and regional governments would obviate the need for Commission intervention<sup>10</sup>. But to argue this is to ignore the fact that while market forces and some government intervention have indeed resulted in a strong development of the high speed Internet market in which increasing numbers have access to increasing levels of service, there are serious disparities in the level of service and prices available to Canadians in different areas. In fact, in some areas even the outdated targets established in 2011 have not yet been met and the price charged for service even at speeds below that target level can be as high as \$180 a month.<sup>11</sup>
19. The CRTC is the Canadian authority responsible for regulating the provision of telecommunications services in support of the affordability, availability and other objectives of the Telecommunications Act and should not simply turn a blind eye to market failings in some areas just because the market is working well in others or because some parties express hopes that one day the market may resolve some of these problems. The CRTC is mandated to act and should act now.
20. **RECOMMENDATION 1: The GNWT recommends that high speed Internet should be designated as a basic service by the CRTC.**

### 3. HIGH SPEED INTERNET SPECIFICATIONS TO BE INCLUDED IN THE BSO

#### (i) General Approach

21. Because high speed Internet service comes in many varieties, once it is determined that high speed Internet service is a basic service it becomes necessary to define the specific parameters that will define the service.
22. During the course of this proceeding the CRTC has implicitly put forward two starkly different approaches to how this should be done.

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<sup>9</sup> See initial interventions of cited parties.

<sup>10</sup> In its initial intervention Bell et al opposed designating high speed Internet as a basic service. In its appearance at the public hearing it however seemed to have adopted the position that 5/1 speed service should in fact be considered as basic. See for example Transcript volume 7 paragraph 9085-87, 9533 and 9535.

<sup>11</sup> CRTC Exhibit 4. The \$180 a month rate applies in Iqaluit for 5 Mbps download service. This service has a 50 Gb usage cap and an upload speed of .512 or approximately only half the 2011 upload target speed.



23. The first of these approaches is illustrated in paragraph 5 of TNC 2015-134 where the Commission states

*As the regulator of Canada's communications system, the Commission seeks to ensure that all Canadians have access to a world-class communications system and that they are able to participate in the digital economy. Given this, as well as the importance of telecommunications services to Canadians, the Commission is initiating a public proceeding to conduct a comprehensive review of its policies regarding basic telecommunications services in Canada and of the telecommunications services that Canadians require to participate meaningfully in the digital economy.*

24. And in the accompanying press release the Commission stated

*The Canadian Radio-television and Telecommunications Commission (CRTC) today launched a major proceeding to ensure that Canadians have access to world-class telecommunications services that enable them to participate actively in the digital economy. Canadians can participate in all stages of the consultation, including the public hearing.....*

*Access to basic telecommunications services is crucial for active participation in the digital economy in a communications environment that is constantly changing, but also for Canadians in their daily lives.*

*Canadians need quality telecommunications services for their daily activities, such as banking, educational, machine-to-machine applications, smart transportation grids or simply for entertainment.*

*The CRTC's current policy ensures that Canadians in all regions have access to low-speed Internet services. The CRTC must review this policy in order to be in step with the future and the changing needs of Canadians.*

25. The GNWT understood this view to suggest that the CRTC would seek to define basic services as those telecommunications services necessary to allow all Canadians to actively participate in all aspects of the digital world.
26. However, a second and more narrow approach was also put forward on a number of occasions during the public hearing in which questions were posed by the CRTC distinguishing between uses of Internet services to satisfy "needs" as opposed to uses designed to satisfy "wants". Along similar lines the concept of a "skinny basic package" was introduced that would provide for a service speed and data capacity that would be far below the Canadian norm but that would either be sufficient to access some normatively designated high value uses and/or be provided at a price below the norm.
27. The GNWT unequivocally rejects this second approach. The Telecommunications Act states in paragraph 7 that

*It is hereby affirmed that telecommunications performs an essential role in the maintenance of Canada's identity and sovereignty and that the Canadian telecommunications policy has as its objectives*

*(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;*  
*(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;*

.....

*(h) to respond to the economic and social requirements of users of telecommunications services;*

28. It does not state that those living in rural and remote areas should be limited only to a level of service adequate to satisfy its minimal needs or that a digital divide should be created in which Canadians living away from the main urban centers should receive an inferior level of service.
29. The task of the Commission is surely to reduce or eliminate the digital divide not to perpetuate it. What in the proceeding was referred to as “the skinny basic package” could just as accurately be called “the wrong side of the digital divide package”.
30. Furthermore it can be argued that access to streaming services<sup>12</sup> such as Netflix, and to real time video gaming represent genuine needs and do in fact provide an essential service in the context of rural and remote communities where alternatives such as video stores or cable networks may not exist.
31. **RECOMMENDATION 2: The GNWT recommends that the definition of high speed Internet to be included as part of basic service be based upon the level of service needed to allow full participation in the digital economy and not upon some normatively defined level of minimalist requirements.**
32. Finally the GNWT notes that the need for comparable high speed Internet is particularly urgent in the North and for remote communities in general and that the requirement for a level of service comparable to that available in the South and in urban areas is particularly critical.
33. As the BC Broadband Association pointed out at the public hearing, without such services rural communities will be placed at a further serious disadvantage relative to urban communities thus exacerbating the problem of population migration to urban areas.<sup>13</sup>

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<sup>12</sup> Bell et al argued that a 5/1 basic service speed was appropriate (Transcript volume 7 paragraph 9533) while also stating that activities such as watching streaming HD television would be accommodated by such a speed target (See Transcript volume 7 paragraphs 9474-84). While the GNWT concurs that watching HD television should be permitted it does not consider that 5/1 would always allow this at the same time as a variety other high bandwidth uses were underway. See also the Affordable Access Coalition response to interrogatory AAC(MKO)14Aug15-1 for a detailed discussion of why entertainment requirements should be included in considering what speed high speed Internet should be considered as basic.

<sup>13</sup> Transcript Volume 6 paragraphs 7490 to 7499.

34. Others stressing the needs of this population included the Manitoba Keewatinowi Okimakinak, who stated<sup>14 15</sup>

*Populations in high-cost serving areas should have access to similar levels and quality of service as in competitive Canadian markets. In fact, in some high-cost serving areas, the need for reliable telecommunications services is even higher than in major 50 Canadian markets given the realities faced by these communities, such as families being separated for extended periods of time, inadequate in-community services and a reliance on remote service delivery for essential health, education, economic and other needs.*

## **(ii) Basic High Speed Internet Speed Requirements**

35. In 2011 the CRTC established a target high speed Internet speed of 5/1 Mbps.
36. In 2014 the CRTC Monitoring Report<sup>16</sup> indicated that 85% of Canadian households had access to high speed Internet with download speeds of 10 Mbps or more, 82% had access to download speeds of 25 Mbps or more and 71% had access to download speeds of 100 Mbps or more.<sup>17</sup>
37. Today, Bell Canada is in the process of rolling out Internet with a download speed of 1 Gbps, or approximately 200 times the current 5 Mbps target speed. Bell et al state that within 10 years this service will be available to customers within 90% of Bell's footprint.<sup>18</sup>
38. In its 14 July 2015 intervention in this proceeding, the GNWT proposed that the basic level for high speed Internet should include a speed target of 25/3 Mbps or more. The GNWT continues to be of this view. In further support of the 25/3 Mbps target the GNWT would note the following.
39. Firstly, as stated in GNWT's initial intervention, in defining basic service in Telecom Decision 99-16 the Commission stated, at paragraph 24 that '*The Commission considers that the level of service now available to the vast majority of Canadians should be extended to as many Canadians as feasible in all regions of the country. Accordingly, the Commission is hereby establishing the following basic service objective for local exchange carriers.....*' In other words, the appropriate definition of basic service was established by reference to the level of such service available to the majority of Canadians. In Canada, weighted average (actual) Internet download speeds in 2014 were in excess of

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<sup>14</sup> Intervention of 1 February 2016 at paragraph 92.

<sup>15</sup> On this point the GNWT would also point the CRTC particularly to the presentation of Cree Nation Government and Eeyou Communications Network beginning at Transcript Volume 10 paragraph 13297

<sup>16</sup> 2015 Communications Monitoring Report, page 209.

<sup>17</sup> Bell Canada's website for Toronto shows the service to have 940 Mbps download, 100 Mbps upload and unlimited usage for \$149.95 a month- less than Exhibit 4 indicates is charged by Northwestel for 5/.512 service with a 50 Gb a month data cap in Iqaluit.

<sup>18</sup> Transcript Volume 7, paragraphs 9521-22.

20 Mbps<sup>19</sup> and over 79% of Canadians already had available services offering download speeds in excess of 50 Mbps<sup>20</sup> with this percentage growing annually.

40. Secondly, as referenced in the GNWT's initial intervention, a 25/3 Mbps target<sup>21</sup> has already been adopted in the United States, and in Europe a 30 Mbps download target exists. Further information concerning targets established internationally is contained in the intervention of the Canadian Media Concentration Research Project and elsewhere on the record of the proceeding. The GNWT believes that even if the CRTC rejects this approach to establishing basic service level speed requirements and instead considers only what capacity is required to allow use for a normatively defined group of high value needs then the existing 5/1 Mbps speed targets are nonetheless inadequate.<sup>22</sup>

41. There are many reasons for this.

42. The first reason is that the record of this proceeding discloses a number of individual applications that can require bandwidth in excess of 5 Mbps. CRTC Exhibit 1 shows that high definition video streaming and real time video conferencing can have bandwidth needs in excess of 5 Mbps. While the CRTC may (in our view wrongly) decide that access to services such as Netflix should not be considered in establishing basic service level speeds, there are a wide variety of video services that could not be so excluded.<sup>23</sup> Video streaming applications can be used for social or entertainment purposes but equally can be used for social or educational purposes and for the provision of medical and other critical services such as real time video conferencing as a part of an online education program, to provide remote medical consultations, diagnostics or monitoring, or for business or social purposes. Other services that can have bandwidth requirements in excess of 5 Mbps include some cloud computing applications.<sup>24</sup>

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<sup>19</sup> 2015 Communications Monitoring Report, page195.

<sup>20</sup> 2015 Communications Monitoring Report, page209.

<sup>21</sup> Defining basic high speed Internet service to include speeds of 25 Mbps down and 3 Mbps up was also suggested in the initial interventions of the Yukon Territorial Government. Download speeds of 25 Mbps or higher were supported by a number of members of the Federation of Canadian Municipalities and by the Canadian Media Research Project. In its initial intervention the Affordable Access Coalition suggested a 25 Mbps download target for 2020 together with upload speeds of 3 to 5 Mbps. Many of those advocating increasing the existing 5/1 target did not specify specific target speeds.

<sup>22</sup> The Affordable Access Coalition's response to interrogatory AAC(CNOC)14Aug15-3 provides a useful analysis of household needs excluding any high definition video.

<sup>23</sup> Even if distinguishing between needs and wants were employed to determine what types of services should be excluded in defining basic high speed Internet speed requirements, several parties argued that access to video streaming services for entertainment services is in fact a need for rural and remote communities. The Northwest Territories association of Communities for example stated, at Transcript Volume 2 paragraph 3406 that *"The NWT, and I can't speak to the rest of the north, has been experiencing a lot of out-migration. So they're always struggling to keep and attract people. Well, just as a high-speed Internet can be an attractant, a lack of one can be a detractant. You know, if somebody is thinking about moving there and they have to tell their kids that they're not going to have download speeds that are going to allow them to watch a YouTube video -- I can't watch a YouTube video at home. That is a detractant to you coming and participating."* Similar comments were made by the B.C. Broadband Association at Transcript Volume 6, paragraphs 7490-99.

<sup>24</sup> See interrogatory response Bell et al(First Mile)14Aug15-3 TNC 2015-134.

43. Responses to CRTC information requests by the provincial and territorial governments reference a large number of activities allowing or requiring citizens to download or upload materials to government agencies or departments. While many require limited bandwidth, the Ontario government response indicates that a 4 Mbps speed is required to watch a number of government videos accessed through YouTube at adequate quality and that other services have more significant upload requirements.
44. A second reason is that many households include more than one person and that as a result multiple users may be employing an Internet connection at any one time. In the North where household sizes tend to be larger and where physical remoteness limits alternative methods to access government and other services in a timely manner, this consideration can be particularly important.<sup>25</sup>
45. The third reason is that the uses made of Internet connections are expanding year over year and developments such as cloud computing will only enhance this trend. And it must be recognised that CRTC decisions are not implemented overnight. Indeed following this proceeding a CRTC decision is only likely to be issued later this or early next year and several more years are likely to elapse before many elements of it are implemented. In designating an appropriate speed level for basic service the Commission must recognize that this delay is inevitable and that during its course, if patterns reflected in (the already dated) CRTC Communications Monitoring Report data and in industry plans continue, speeds available to the majority of Canadians will further increase as will the variety of uses residents and small businesses employ the Internet for.
46. Lastly, the GNWT would like to point to the website information provided by the carriers themselves. In its initial intervention, at paragraph 10, for example the GNWT noted that
- ... a Rogers webpage recommends its Rogers Internet 30 service with speeds of up to 30 Mbps download and 5 Mbps upload with a 100 GB monthly allowance for a family of two while suggesting its Rogers Ignite 100 service with speeds of up to 100 Mbps download and 30 Mbps upload, with unlimited usage, for a family of four.*
47. The point that the carrier's websites suggest that 5/1 Mbps service is only intended for very, very limited Internet use was also made by the Affordable Access Coalition which stated at the public hearing<sup>26</sup>

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<sup>25</sup> The need for the basic service definition to reflect the requirements of multiple individuals in a household was repeatedly raised during the proceeding. For example, a representative of the Independent Telephone Company Joint Task Force stated, at paragraphs 15994 Transcript Volume 12 that that "I think one of the things that we talked about when we were trying to come up with what our recommended speed was, and something that we see at my company all the time, is the -- while 1 individual government website may very well not exceed the 5/1, when you look at adding in 1 child or 2 child -- children trying to do homework in an evening and a parent trying to access government websites, access banking, all those other important functions, you suddenly find that 5/1 is not anywhere near enough for that basic residential home anywhere throughout Canada."

<sup>26</sup> Transcript volume 4 paragraphs 5136 to 5138.

*I'd also like to refer you to Appendix E of the 14th July intervention. We looked at how some of these service providers have been characterizing their offerings in terms of needs versus wants, and some of the marketing tools that the service providers have gone to market with in terms of figuring what speed service; "Which package should I choose?"*

*And some of them go to this question. There's a Rogers one, for example, which show the 5 megabit connection is the symbol of one person. Or if you go through Videotron's package selection tool and you indicate, you know, one person, how many devices, things like that, we've modelled it and it's in our appendix. We modelled the one person with a mobile phone or an iPod Touch who does one movie a week, who never plays online games, who does less than an hour of video calling a week, downloads music. And their speed recommendation from Videotron is 10 megabits per second.*

*So that's an example. It's not just this coalition that's saying 10 is sort of your entry level into a basic level of functionality. I think some of the marketing tools and materials also indicate that you need this just to get by.*

48. This topic was also touched upon by Rogers at the public hearing when they described how they at one point eliminated their lowest speed package and had their lowest available speed option move from 1.5 Mbps download to 3 Mbps download to 6 Mbps download, then 10 Mbps download, and then 15 Mbps download. They stated that 5/1 Mbps was reintroduced only to stimulate growth and had been targeted at those with low incomes or limited needs such as a single computer family.<sup>27</sup>
49. The vast majority of participants in this proceeding argued for speed requirements well in excess of 5/1 Mbps, a target that was favored principally by some service providers but by very few others. Even among those providers supporting a 5/1 Mbps speed requirement some argued<sup>28</sup> that it would be appropriate to set significantly higher aspirational targets thus again implicitly acknowledging the inadequacy of the 5/1 target.
50. Based on the above and on the detailed record of this proceeding more generally, the GNWT's view is that defining basic service speed requirements so as to allow access to only the most essential services would require speeds of 15/2 Mbps or more.

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<sup>27</sup> Transcript Volume 8, paragraphs 12054-63.

<sup>28</sup> See for example the interventions of Bell et al and Rogers.

51. **RECOMMENDATION 3: The GNWT recommends that the high speed Internet basic service be defined as requiring minimum speeds of 25 Mbps download and 3 Mbps upload or more. Failing this the speed requirements should be established at 15 Mbps download and 2 Mbps upload.**<sup>29 30 31</sup>

### (iii) Basic High Speed Internet Data Usage Requirements

52. Regardless of what speed it is offered at, high speed Internet services will only allow Canadians to meaningfully participate in the digital economy if service plans provide sufficient data usage. While many Internet plans offer unlimited usage other plans contain restrictions which typically range from about 20 Gb a month to over 160 Gb a month.
53. While the GNWT believes that ultimately it may be appropriate to include unlimited usage as part of basic service it recognizes that this may not be economically feasible today. Accordingly it believes that consistent with its approach with regard to basic high speed Internet speed requirements monthly data allowances should be established with reference to the level of service currently available to the majority of Canadians.
54. CRTC data indicates that in 2014, 58% of Internet subscribers had monthly usage allowances in excess of 100 Gb per month or more, 54% had monthly usage allowances of approximately 120 Gb or more, and 40% had monthly usage allowances of 140 Gb per month or more. Furthermore in all cases the percentage of subscribers with these capacity levels has been growing significantly from year to year.<sup>32</sup>
55. **RECOMMENDATION 4: The GNWT recommends that unless unlimited usage is mandated then the high speed usage allowance to be included as part of basic service should be approximately 125 Gb per month.**
56. The GNWT believes that the proposed 125 Gb minimum data allowance is, if anything, too low and will likely require upward adjustment at an early date.

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<sup>29</sup> A number of parties to this proceeding raised the issue of advertised speeds that differed substantially from actual speeds (See for example the 1 February 2016 intervention of Openmedia. And while the CRTC study Samknows Analysis of Broadband Performance in Canada-October & November 2015 found that generally, actual speeds exceed advertised speeds, these results are subject to various qualifications including that the study did not include smaller ISPs or ISPs using satellite. Whatever the reason the GNWT stresses that its recommendations are stated in terms of actual speeds received by the subscriber and notes that when in Telecom Regulatory Policy 2011-291 the CRTC established the existing 5/1 target it stated, at paragraph 77, that “the target speeds are to be the actual speeds delivered, not merely those advertised”.

<sup>30</sup> While the GNWT would also support the establishment of more ambitious more future oriented “aspirational” speed targets it notes the evidence of a number of service providers that such targets would have little or any impact on their investment activity. See for example the comments Telus at Transcript Volume 6 paragraph 8022, and the Canadian Independent Telephone Company Joint Task Force comments at Response to interrogatory 1 December 2015 JTF(CRTC)2Nov15-5 TNC 2015-134.

<sup>31</sup> While the bulk of the evidence in this proceeding focused on download speeds, upload speeds were also raised as an important consideration by a number of parties. Among the areas where upload speeds were cited as being of particular importance were videoconferencing applications, cloud computing applications and small business uses.

<sup>32</sup> CRTC 2015 Communications Monitoring Report, p.192.

#### (iv) Other Non-Price Basic High Speed Internet Requirements

57. In addition to speed and data usage allowances the utility of a high speed Internet service can, as with most services, be substantially undercut if the quality of service provided is not adequate. While the GNWT has not analysed in detail the specific quality of service dimensions that should be specified by the Commission as part of its definition of a basic high speed Internet service, there is a substantial discussion of this subject in the record of the proceeding<sup>33</sup>. Among the most discussed issues were the impact of latency and of jitter on service usability.
58. While some parties argued that matters of service quality are best left to the market, the GNWT rejects this approach in the specific context of this proceeding where the requirement to define basic high speed Internet service arises in large part out of the failure of market forces to ensure an adequate level of service availability or to do so at affordable prices.
59. **RECOMMENDATION 5: The GNWT recommends that the CRTC include quality of service requirements relating to service elements including latency and jitter in its definition of basic high speed Internet service.**

#### (v) Periodic Adjustments

60. A number of parties to the proceeding argued that the basic service level definition including speed and other requirements should be periodically reviewed. Given the ever growing use of the Internet, the constantly augmenting set of applications and uses for which it is relied upon, and the steady stream of technological developments that facilitate service delivery the GNWT believes that the need for future reviews are self-evident. At the same time the GNWT recognizes that decision-making and implementing plans to achieve a changed basic service objective take time and that for service providers, as well as users, there are benefits to having a degree of certainty when planning.
61. **RECOMMENDATION 6: The GNWT recommends that the basic service objective for high speed Internet be reviewed every three to five years.**

### 4. A NEW SUBSIDY IS NEEDED TO EXTEND HIGH SPEED INTERNET SERVICE TO UNSERVED AND UNDERSERVED AREAS

62. Whatever definition of basic service is adopted the CRTC must next ascertain in what areas this level of service is not currently available. Much of this information is likely already in the CRTC's possession though follow up processes may be required.

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<sup>33</sup> See for example interrogatory responses SSi(CRTC)02NOV15-1, AAC(CNOC)14Aug15-5



63. For those areas where the defined level of basic service is not available<sup>34</sup> the GNWT would suggest that the following approach be used. In areas where Internet service is provided by an ILEC or major cable company, that service provider would be required to show cause why it could not provide the basic level of service without a subsidy. Where the need for a subsidy was agreed to by the Commission a competitive bidding process open to any service provider would then be used to award the subsidy.<sup>35</sup> The same competitive bidding process would be employed where Internet service is not provided by an ILEC or major cable company and the defined level of basic service is not available from any other provider.
64. In Northern Canada this process could, in light of the high backbone costs of serving satellite communities, be supplemented by a targeted reduction to satellite rates for channels used to provide basic high speed Internet service. At the same time consideration should also be given to the feasibility of extending microwave or fibre links to Northern communities now served by satellite. The GNWT notes that at paragraph 34 of the Notice of Consultation initiating this proceeding the Commission explicitly stated that

*.... the Commission will examine whether a mechanism is required in Northwestel's operating territory to support the provision of modern telecommunications services by funding capital infrastructure investment in transport facilities as well as the cost of maintaining and enhancing these facilities. The Commission will also examine whether such a mechanism should be considered for other rural and remote areas in Canada. The aim of any such mechanism would be to complement, and not replace, other investments from the private sector and governments.*

65. Subsidies to ensure the provision of basic high speed Internet service to all Canadians would be funded through the National Contribution Fund, contribution rates for which would be adjusted to cover these additional subsidy requirements.<sup>36</sup>
66. The CRTC could involve local communities in determining which areas would receive funding first. In that context the GNWT would also point to the comments of the Manitoba Keewatinowi Okimakinak, which stated<sup>37</sup>

*Although I will say that in many instances while there are certainly underserved and unserved non-First Nation communities, the effects of being underserved or unserved on a First Nation who is already facing multiple disadvantages at other infrastructure social indicator levels, those effects are far more pronounced in many First Nation communities.*

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<sup>34</sup> The GNWT would exclude any areas where such service is not currently available but where there are reasonable and concrete grounds to believe with a high degree of confidence that though not currently available it will shortly become so.

<sup>35</sup> As suggested by a number of parties to this proceeding, the GNWT agrees that any new investment funded through a subsidy should provide for future upgrading to achieve speeds in excess of existing targets. See, for example, the comments of Sasktel Transcript Volume 11 paragraphs 14987-99.

<sup>36</sup> The GNWT would also support including all revenues from the provision of Internet service in the pool of revenues subject to contribution.

<sup>37</sup> Transcript Volume 5 paragraphs 6842-43.

*And so if there was a limit in terms of the capacity for the BDFM to apply to underserved, we would expect and would suggest that prioritization be given to northern and First Nation communities or the remote and isolated First Nation communities where the importance of having access to the Internet is all the more important given the fact that they don't have the same access to services within the community itself.*

67. Because a competitive bidding subsidy approach is allied with that of the federal government's Connecting Canadians program the GNWT also believes that the CRTC could work collaboratively with the federal government in the detailed design and implementation of this subsidy program.
68. **RECOMMENDATION 7: The GNWT recommends the provision of a new subsidy for extending basic high speed Internet service to all currently unserved and underserved regions through a competitive bidding process. The GNWT suggests that the CRTC could work collaboratively with the federal government in the detailed design and implementation of this subsidy program.**

## 5. A NEW SUBSIDY IS NEEDED TO ENSURE THE AFFORDABILITY OF HIGH SPEED INTERNET SERVICE

69. Section 7 of the Telecommunications Act sets out the goals of Canadian Telecommunications policy as follows.

*It is hereby affirmed that telecommunications performs an essential role in the maintenance of Canada's identity and sovereignty and that the Canadian telecommunications policy has as its objectives*

*(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;*

*(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;*

*(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications;*

*(d) to promote the ownership and control of Canadian carriers by Canadians;*

*(e) to promote the use of Canadian transmission facilities for telecommunications within Canada and between Canada and points outside Canada;*

*(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective;*

*(g) to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services;*

*(h) to respond to the economic and social requirements of users of telecommunications services; and*

*(i) to contribute to the protection of the privacy of persons.*

70. Based upon these Objectives, and having found local service to be a basic service in Telecom Decision 99-16, the CRTC subsequently established the current subsidy regime specifically to ensure the affordability of residential local service. This regime seeks to ensure that rates for residential local service remain below or at worst only marginally in excess of \$30 a month and subject to some adjustment for inflation. To achieve this end, a local service subsidy is provided in high cost serving areas, including most parts of Northern Canada, that reflects the difference between the cost of providing service and the allowed level of rates, and that serves to ensure that local residential rates in high cost areas remain comparable to the rates charged in other areas of Canada.

71. In the GNWT's view, the affordability of high speed Internet service is no less important. Yet currently rates for high speed Internet service in the North are far above those charged in most other areas of Canada and as a result, place an undue burden upon Northern families. The principle that rates in the North and other rural or remote areas of Canada should not substantially exceed those elsewhere in Canada is not only reflected in CRTC policies such as those noted above with respect to affordable local rates but is supported by the vast majority of Canadians. The Ekos survey, for example found that

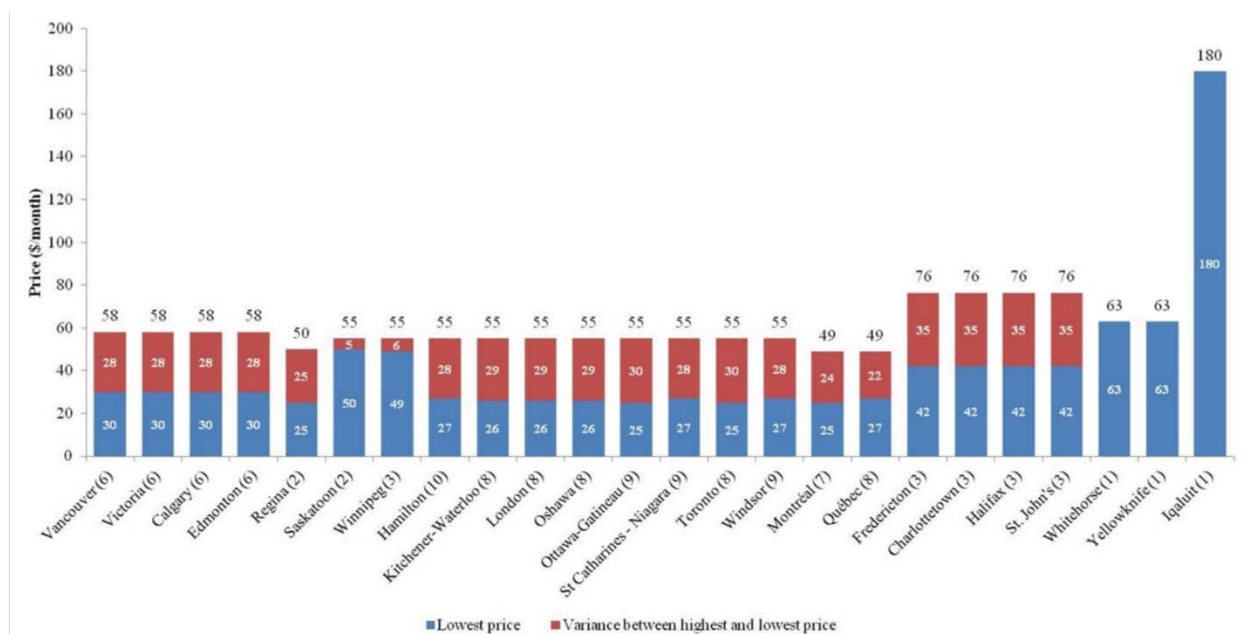
*By and large, Canadians agree that pricing should be the same for Internet services in rural and remote areas as they are in urban areas of the country. In the representative survey roughly two in three believe that the prices should be the same (65 per cent). Just over one in four (27 per cent) believe that the pricing should be "a little bit higher" in rural and remote areas of the country, although very few believe that the prices should be significantly higher (four per cent). Results of the open survey mirror this point of view.<sup>38</sup>*

72. Yet rates for Internet services in Northern Canada are at this time significantly above those in the South. For example Chart 1 below, which is taken directly from CRTC Exhibit 4, provides information concerning rates available in major centers for 5/1 high speed Internet service

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<sup>38</sup> See Ekos report Section 2.7 b.

Chart 1



73. While differences in data caps and other plan features limit the precise comparability of the data points in the Chart, two things are clear. Firstly, the best available rates are far higher in the territories than elsewhere. Secondly, the rate in Iqaluit, which is served over satellite facilities, is even more dramatically out of line with rates available in the rest of Canada.<sup>39</sup> (While no area in the Northwest Territories that is served by satellite currently has access to 5 Mbps download service the GNWT anticipates that the forthcoming introduction of such service<sup>40</sup> will likely involve similar rates to those charged in Iqaluit.)

74. Further rate comparison information was provided, as part of the GNWT's 1 February 2016 intervention, in three tables submitted by the GNWT concerning rates charged for high speed Internet by Canadian telcos. These charts show that in terrestrial communities served by Northwestel, monthly rates, particularly when adjusted for data caps and upload speeds, are significantly above those charged elsewhere for comparable services in the 5 Mbps download range. As well, monthly rates for 16/1 DSL Internet service are approximately \$120 a month, and that where available the rates for cable Internet service at 50/2 speeds are in excess of \$100 a month. Again these rates are far higher than those for comparable services in the South.

<sup>39</sup> Interestingly even Bell et al acknowledge the need for an ongoing subsidy to increase the affordability of service in Northern satellite communities. See Transcript Volume 7 paragraphs 9030-33.

<sup>40</sup> <http://news.gc.ca/web/article-en.do?nid=1048609>

75. These tables are reproduced below and again confirm that rates in Northern Canada are far in excess of rates charged elsewhere. Because the tables do not include satellite communities in the North nor the lower rates available from many ISP's in other parts of Canada, the charts if anything underestimate the disparity in rates between the North and the rest of Canada.
76. GNWT proposes that to address this disparity the CRTC should follow the same approach that it did in the case of basic voice telephone service. That is to say that for whatever level of high speed Internet service is deemed to be basic, a maximum rate should be established and a cost based subsidy, calculated for separate costing bands and probably distinguishing between satellite and terrestrially served communities, should then be calculated. The subsidy would be payable on a per customer basis to whatever service provider serves the customer. It would be funded from National Contribution Fund revenues and the contribution rate for that fund would be adjusted to reflect this additional subsidy need.
77. The GNWT also recommends that revenues from Internet services should be added to the revenue pool upon which such contribution is assessed.
78. Referring to Tables 1,2 and 3 the GNWT would suggest that:
- the affordable rate level should be established in between \$30 and \$40 if a 5/1 Mbps speed level is established for basic service.
  - the affordable rate level should be established in between \$45 and \$55 if a 15/2 Mbps speed level is established for basic service.
  - the affordable rate level should be established in between \$60 and \$70 if a 25/3 Mbps speed level is established for basic service.
79. The GNWT does not believe that there is any necessity to seek further guidance with regard to a price subsidy to high cost areas. Implementing such a subsidy, would, unlike a low income subsidy, be something the CRTC has already done in the case of local voice service and for which it has a clear mandate and sufficient powers.
80. **RECOMMENDATION 8:** The GNWT recommends that the CRTC introduce a subsidy, similar in design to that used for local voice service, to bring Northern rates for basic high speed Internet service closer to Southern levels. Appropriate targets for such rates would be between \$30 and \$70 a month depending upon what speed requirement is defined for basic high speed Internet service.

TABLE 1

Internet Plans Closest to CRTC 5/1 Target Speeds Offered by Canadian Telcos as of Dec 31 2014 \* \*\* \*\*\*

		DATA CAPS	UNLIMITED			
	Plan	\$ Monthly rate	Mbps Upload Speed Up to	Mbps Download Speed Up to	Gb Data Cap	Overage Charge \$/Gb
Northwestel	Internet 5 Cable	62.95	5	0.384/0.512	40	2.50
	Internet 5 DSL	62.97	5	0.512	125	3.00
	Internet 5-Satellite	179.95	5	0.512	30	15.00
Bell Canada	Ontario Internet 5 DSL	44.95	5	0.8	40	4.00
	Quebec Internet 5 DSL	37.95	5	0.8	20	4.00
Bell Aliant	NB High Speed Ultra DSL	79.45	7	0.64	Unlimited	
	NL High Speed Ultra DSL	79.45	7	0.64	Unlimited	
	NS High Speed Ultra DSL	79.45	7	0.64	Unlimited	
	ON Fibe 5	47.95	5	1	40	4.00
	PE High speed Ultra DSL	79.45	7	0.64	Unlimited	
	QC fibe 5	39.95	5	1	20	4.00
CVQ	Internet 10 Cable	63.95	10	1	Unlimited	
DMTS(ON)	DSL &DSL Raw	39.95	8	1	Unlimited	
KMTS(ON)	HS5 & HS5 Dry DSL	38.95	5	1	Unlimited	
Northern Tel	Internet 5 DSL	48.95	5	0.512	Unlimited	
Onterra	High Speed DSL	44.95	5	0.8	Unlimited	
Telebec	Internet 5	51.95	5	0.512	Unlimited	
TELUS AB	Internet 6	58.00	6	1	Not enforced	
TELUS BC	Internet 6	58.00	6	1	Not enforced	
TELUS QC	Internet High Speed 6	45.95	6	1	Not enforced	
SaskTel	HSBasic and HSPlus	49.95	5	0.64	Unlimited	
MTSAllstream	Lightning	54.00/59.00	7	0.768	Unlimited	
Brooke Telecom		?	?	?	Unlimited	
Bruce Telecom	Standard Internet Plan	34.95	6	1	Unlimited	
CityWest Telephone	Premium DSL 5/HIS Cable 5	44.95/39.95	5	0.512	200/150	2.00
Cochrane Telephone	Warp Two	45.95	5	1	Unlimited	
Execulink Telecom		50.95	6	0.8	100	1.00
Gosfield North Communications		34.95	5	1	Unlimited	
Hay Communications		39.95	10	1	Unlimited	
Huron Telecommunications		?	?	?	Unlimited	
Landsdowne		52.50	5	1	Unlimited	
Mornington Communications	DSL/Fibre	44.90	6	1	Unlimited	
Nexicom		44.95	6	0.8	Unlimited	
North Frontenac		49.95	?	?	Unlimited	
North Renfrew		39.95	6	0.8	Unlimited	
Quadro Communications		45.00	10	1	Unlimited	
Roxborough Telephone		39.95	5	1	100	19.95 to add 200 Gb
Tuckersmith		44.95	10	1	Unlimited	
Wightman Telecom		45.95	15	1	Unlimited	
WTC Communications		?	?	?	?	
9315-1884 Québec inc.		?	?	?	?	2.50 (to 50.00 max)
CoopTel		?	?	?	?	2.00
Groupe Maskatel		34.95	10	1	Unlimited	
Téléphone Milot		?	?	?	?	2.50 (to 50.00 max)
Sogetel		?	?	?	?	2.50 (to 50.00 max)
St-Ephrem		34.95	10	2	Unlimited	
St-Victor		34.95	5	1	Unlimited	
Upton		34.95	7	1	75/25	2.00/5.00
Tbaytel		50.95	10	1	Unlimited	

\* Rates for Northwestel include the reductions ordered in CRTC Telecom Decision 2015-78. Some other rates may also be more recent.

\*\* Minimum download speed of 5Mbps except where noted.

\*\*\* Excludes wireless plans and plans offered only as part of a bundle.

**Sources**

For Bell Companies see The Companies(CRTC)may15-3TNC20915-134

For TELUS see TNC 2015-134 TELUS(CRTC)7May15-3

For SaskTel see TNC 2015-134 SASKTEL(GNWT)2Nov15-1

For MTS Allstream see TNC 2015-134 MTS(CRTC)7May15 Q.3

For JTF Independents see TNC 2015-134 JTF(GNWT)2Nov15-1.

For Tbaytel see TNC 2015-134 Tbaytel July 14 responses to CRTC Information requests.

TABLE 2

Internet Plans Closest to 15/2 Speeds Offered by Canadian Telcos as of Dec 31 2014 \* \*\* \*\*\*

		DATA CAPS	UNLIMITED			
	Plan	\$ Monthly rate	Mbps Upload Speed Up to	Mbps Download Speed Up to	Gb Data Cap	Overage Charge \$/Gb
Northwestel	Internet 16 Cable	79.95	16	0.768	110	2.50
	Internet 16 DSL	119.95	15	1	200	3.00
Bell Canada	Ontario Fibe 15	57.95	15	10	80	3.00
	Quebec Fibe 15	49.95	15	10	60	3.00
Bell Aliant	NB FibreOP internet 75/30	76.45	75	30	Unlimited	
	NL FibreOP internet 75/30	76.45	75	30	Unlimited	
	NS FibreOP internet 75/30	76.45	75	30	Unlimited	
	ON Fibe 15	57.95	15	10	80	3.00
	PE FibreOP internet 75/30	76.45	75	30	Unlimited	
	QC fibe 15	49.95	15	10	60	3.00
CVQ	Internet 20	71.95	20	1	100	5.00
DMTS(ON)	Not Applicable					
KMTS(ON)	Not Applicable					
Northern Tel	ON FibreOP internet 20/15	73.95	20	15	Unlimited	
Onterra	Not Applicable					
Telebec	QC Internet 20	71.95	20	1	Unlimited	
TELUS AB	Internet 15	63.00	15	1	Not enforced	
TELUS BC	Internet 15	63.00	15	1	Not enforced	
TELUS QC	Internet 10	56.95	15	1	Not enforced	
SaskTel	HS Ultra	79.95	25	2	Unlimited	
MTSAllstream	Lightning 25	65.00	25	2	Unlimited	
Brooke Telecom		51.95	20	2	Unlimited	
Bruce Telecom	Not Available					
CityWest Telephone	Quantum 20	65.00	20	2	unlimited	
Cochrane Telephone		45.95	?	?	unlimited	
Execulink Telecom		53.95	15	1	100	1.00
Gosfield North Communications		44.95	10	1	Unlimited	
Hay Communications		39.95	20	2	Unlimited	
Huron Telecommunications		54.95	?	?	Unlimited	
Landsdowne	Not Available					
Mornington Communications	DSL/Fibre	41.95	20	2	Unlimited	
Nexicom		54.95	15	10	Unlimited	
North Frontenac		72.00	10	2	Unlimited	
North Renfrew		44.95	12	0.8	Unlimited	
Quadro Communications		52.00	15	1	Unlimited	
Roxborough Telephone		59.95	10	1	300	19.95 to add 700 Gb
Tuckersmith		64.95	20	2	Unlimited	
Wightman Telecom		45.95	15	1	Unlimited	
WTC Communications		69.95	15	2	100	2.00 ( to \$80.00 max)
9315-1884 Québec inc.		44.95	15	1	250	2.50 (to \$50.00 max)
CoopTel		42.95	15	5	100	2.00
Groupe Maskatel		44.95	15	1	Unlimited	
Téléphone Milot		44.95	15	1	250	2.50 (to \$50.00 max)
Sogetel		44.95	15	1	250	2.50 (to \$50.00 max)
St-Ephrem		49.95	15	2	Unlimited	
St-Victor	Not Available					
Upton		44.95	10	1.5	100/25	5.00/2.00
Tbaytel	High Speed Plus/Fibre 15	53.95	15	1/8	Unlimited	

\* Rates for Northwestel include the reductions ordered in CRTC Telecom Decision 2015-78. Some other rates may also be more recent.

\*\* Minimum download speed of 15Mbps except where noted.

\*\*\* Excludes wireless plans and plans offered only as part of a bundle.

Sources

For Bell Companies see TNC 2015-134 Bell et al(GNWT)14Aug15-1

For TELUS see TNC 2015-134 TELUS(GNWT)2Nov 15-1

For SaskTel see TNC 2015-134 SASKTEL(GNWT)2Nov15-1

For MTS Allstream see TNC 2015-134 MTS(NWTF)2Nov15-1

For JTF Independents see TNC 2015-134 JTF(GNWT)2Nov15-1.

For Tbaytel see TNC 2015-134 Tbaytel(GNWT)1December15-1

TABLE 3

Internet Plans Closest to 25/3 Speeds Offered by Canadian Telcos as of Dec 31 2014 \* \*\* \*\*\*

		DATA CAPS	UNLIMITED			
	Plan	\$ Monthly rate	Mbps Upload Speed Up to	Mbps Download Speed Up to	Gb Data Cap	Overage Charge \$/Gb
Northwestel	Internet 50 Cable	110.95	50	2	200	2.50
Bell Canada	Ontario Fibe 25	61.95	25	10	100	3.00
	Quebec Fibe 25	54.95	25	10	150	3.00
Bell Aliant	NB FibreOP internet 75/30	76.45	75	30	Unlimited	
	NL FibreOP internet 75/30	76.45	75	30	Unlimited	
	NS FibreOP internet 75/30	76.45	75	30	Unlimited	
	ON Fibe 25	61.95	25	10	100	3.00
	PE FibreOP internet 75/30	76.45	75	30	Unlimited	
	QC Not Applicable					
CVQ	Internet Cable 30	84.95	30	1.5	120	5.00
DMTS(ON)	Not Applicable					
KMTS(ON)	Not Applicable					
Northern Tel	ON FibreOP internet 50/30	88.95	50	30	Unlimited	
Onterra	Not Applicable					
Telebec	QC Internet Cable 30	84.95	30	1.5	Unlimited	
TELUS AB	Internet 25	68.00	25	5	Not enforced	
TELUS BC	Internet 25	68.00	25	5	Not enforced	
TELUS QC	Internet 25	66.95	25	5	Not enforced	
SaskTel	HS Ultra	79.95	25	2	Unlimited	
MTSAllstream	Lightning 25	65.00	25	2	Unlimited	
Brooke Telecom		51.95	20	2	Unlimited	
Bruce Telecom	Not Available					
CityWest Telephone	Quantum 50 Cable	120.00	50	3	500	2.00
Cochrane Telephone		65.95	?	?	unlimited	
Execulink Telecom		59.95	20	5	300	1.00
Gosfield North Communications		59.95	50	10	Unlimited	10.00 reduction with data cap
Hay Communications		49.95	30	3	Unlimited	
Huron Telecommunications	Not Available					
Landsdowne	Not Available					
Mornington Communications	DSL/Fibre	41.95	20	2	Unlimited	
Nexicom		64.95	25	10	Unlimited	
North Frontenac		74.95	25	20	Unlimited	
North Renfrew	Not Available					
Quadro Communications		63.00	25	1	Unlimited	
Roxborough Telephone		79.95	25	2	500	19.95 to add 500 Gb
Tuckersmith		129.95	40	4	Unlimited	
Wightman Telecom	Not Available					
WTC Communications	Not Available					
9315-1884 Québec inc.		59.95	30	5	300	2.50 (to \$50.00 max)
CoopTel		64.95	25	5	125	2.00
Groupe Maskatel		52.95	30	2	Unlimited	
Téléphone Milot		59.95	30	5	300	2.50 (to \$50.00 max)
Sogetel		59.95	30	5	300	2.50 (to \$50.00 max)
St-Ephrem		59.95	25	3	Unlimited	
St-Victor	Not Available					
Upton		69.95	30	10	125/25	5.00/2.00
Tbaytel	High Speed Max/Fibre25	58.95	25	1/13	Unlimited	

\* Rates for Northwestel include the reductions ordered in CRTC Telecom Decision 2015-78. Some other rates may also be more recent.

\*\* Minimum download speed of 25Mbps except where noted.

\*\*\* Excludes wireless plans and plans offered only as part of a bundle.

Sources

For Bell Companies see TNC 2015-134 Bell et al(GNWT)14Aug15-1

For TELUS see TNC 2015-134 TELUS(GNWT)2Nov 15-1

For SaskTel see TNC 2015-134 SASKTEL(GNWT)2Nov15-1

For MTS Allstream see TNC 2015-134 MTS(NWTF)2Nov15-1

For JTF Independents see TNC 2015-134 JTF(GNWT)2Nov15-1.

For Tbaytel see TNC 2015-134 Tbaytel(GNWT)1December15-1



81. If further action, past that recommended by the GNWT to reduce the disparity between Northern and Southern rates, is found necessary to address broader affordability issues this could be done through the proposals of the Affordable Access Coalition (AAC)<sup>41</sup> and ACORN. The issue could also be referred to an Advisory Council on National Broadband Strategy.

## 6. THE EXISTING LOCAL SERVICE SUBSIDY SHOULD BE MAINTAINED

82. As high speed Internet becomes increasingly available and as customers transition away from wireline voice to a reliance on mobile services and VOIP the need for the existing local service subsidy will diminish. Indeed overall subsidy payments for local voice service will automatically fall as the number of subscribers falls. However, at this stage in the market's evolution the GNWT considers that to disband the subsidy would be premature and rejects those proposals that have been made to do so. Local phone service remains a basic service of critical importance to many Canadians and the rationale for its subsidization in high cost areas is unchanged.
83. That said the GNWT notes that Bell et al have proposed that the subsidy be eliminated in certain high cost bands and that the affordable level of local rates be increased from its current level of \$30 plus inflation to \$37.29. The GNWT is in no position to assess whether the costs of providing service merit any change in the bands designated as needing a subsidy. The GNWT does, however, object to the proposal to raise the level of local rates judged to be affordable. No evidence has been provided that would suggest the Commission's original findings in this matter were in error or that circumstances have changed in a manner that should lead to a reassessment of what level of local rates should be considered affordable. As Sasktel points out the CRTC has long been aware of several areas where for historical reasons local rates are slightly above the \$30 threshold but has rejected the argument that Bell et al once again is putting forward that the \$30 affordability standard should as a result be adjusted.<sup>42</sup>
84. It would indeed be regrettable if, in a proceeding established to ensure that all Canadians have affordable access to basic telecommunications services, one of the principal outcomes were to a raising of the rates (by in the order of 20%) for one of the key elements of basic service in the rural and remote regions of this country.
85. **RECOMMENDATION 9: The GNWT recommends that the existing local service subsidy be maintained using existing affordability levels.**

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<sup>41</sup> It should be noted that while the AAC proposal would lower rates for low income subscribers by between \$10 and \$20 a month this would not address the gap between Northern and Southern rates and would also entail low income subscribers in 5/1 Northern satellite communities still paying rates in excess of \$150 a month.

<sup>42</sup> 1 February 2016 submission of Sasktel at paragraphs 27 to 32.