



February 8, 2016

Ms. Danielle May-Cuconato
Secretary General
CRTC
Ottawa, ON K1A 0N2

Dear Ms. Secretary General;

Re: Phase 2 of Review of Basic Telecommunications Services (CRTC 2015-134)

1. On behalf of Unifor, we are pleased to submit the attached intervention with respect to Telecom Notice of Consultation CRTC 2015-134.
2. Unifor represents more than 310,000 members across the country in 20 economic sectors. Unifor is Canada's largest union in the telecommunications sector, representing more than 26,000 workers who are employed by both large and small employers in most regions of the country.
3. Unifor asks the Commission to consider the following comments in their deliberations on Phase 2 of its review of basic telecommunications services.
4. Unifor looks forward to the CRTC's determination in this matter, and requests to appear before the Commission during the oral hearings set to commence on April 11, 2016.

Sincerely,

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***Phase 2 of Basic
Telecommunications
Services
(CRTC 2015-134)***



Submission by Unifor

February 8, 2016

Submitted by:

Naureen Rizvi, Unifor Telecommunications Director

Marc Rousseau, Unifor Telecommunications Council Chair

Mike Yam, Unifor Research Department

Executive Summary

1. Unifor represents more than 26,000 workers in the telecommunications sector, who are employed by private and public service providers in most regions of the country.
2. Unifor members are proud of the work they do in providing services to Canadians and view basic telecommunications services as public utilities.
3. Canadians now rely heavily on the internet for a myriad of important functions – accessing government services, upgrading skills and education, meeting commercial needs, obtaining news, and accessing entertainment and social networking platforms.
4. There are barriers that are preventing some Canadians from participating in the digital economy. Communities across the country do not all have the same infrastructure or services available, while individuals and families use different services based on pricing and income.
5. There exists a disparity between rural and more populous communities when it comes to available telecommunications services (number of providers, speed of service) and pricing (higher pricing in rural areas).
6. There exists a disparity of service subscriptions based on income level. Lower-income groups have lower subscription rates for mobile and home internet services, while lower-income groups are more likely to subscribe to mobile wireless services only (as opposed to both wireline and mobile).
7. Market forces and to a certain degree, targeted government funding, have largely been relied on to provide basic telecommunications services for Canadians. Given the infrastructure, pricing and service gaps that exist, relying heavily on market forces has its limitations.
8. Federal and provincial governments have an important role in the industry. The industry falls under federal jurisdiction and the federal government has included a mandate to increase high-speed broadband coverage for Canadians. Provinces like Saskatchewan have a large role in the industry, given its function over the Crown corporation that provides comprehensive telecommunications services in the region.
9. The Commission has historically played and should continue to play an important role in regulating the private and public sector provision of telecommunications services. The Commission should closely examine measures to increase access to broadband internet, while examining how effectively current service and pricing levels are meeting the service needs of Canadians.

Introduction

10. Unifor is Canada's largest union in the private sector, representing more than 310,000 members across a diverse range of economic sectors. Unifor is Canada's largest union in the telecommunications industry, with 26,000 members working in most regions of the country.
11. Unifor members are employed by large, private Canadian service providers including Bell Canada and its subsidiaries, MTS, Expertech, Allstream and Rogers Cable, as well as smaller local service providers and publicly-owned service providers such as SaskTel.
12. As workers in the sector, Unifor members are proud of the work that they do in providing important services that Canadians rely on in their daily lives. Our members understand how these services are used by individuals and businesses, and view basic telecommunications services as public utilities. Access to these services is not only important for the ability of Canadians to meaningfully participate in the digital economy, but to fully participate in broader society and in their communities.
13. As a union, Unifor plays a leadership role in building thriving workplaces and a strong economy so all workers in Canada have a good job and a decent standard of living. Unifor members – as workers whose livelihoods are tied to this vital industry – are deeply connected to the services they provide and look forward to seeing positive progress as a result of the Commission's review.

Canadians' evolving needs for telecommunications services

14. Canadians rely heavily on telecommunications services for a variety of needs. While Canadians do still use telephone (wireline or wireless) to meet some of these needs, more services are now being provided and accessed online. Companies, government agencies and educational institutions have looked to better serve Canadians by improving their online platforms and connecting to people digitally. This raises the need to ensure that Canadians not only have access to basic internet service, but access to reliable, fast and affordable internet service.

How telecommunications services are used by Canadians

15. Canadians now rely heavily on the internet for accessing a myriad of government services. Government websites at all levels provide essential information for individuals who are trying to navigate the various services and programs available. Millions of Canadians directly access government services online – such as applying for Employment Insurance, applying for a passport, applying for the Canada Pension Plan, obtaining student loan relief and renewing a license plate sticker, among others. According to the Canada Revenue Agency, 65% of tax returns are now filed electronically.

16. It is without surprise that Canadians have shifted online when government services are made available in that platform. For many seniors and people with disabilities, accessing services online may be preferable over travelling to a service office (which may not be within a close proximity to their home). Others find that online access simply saves a significant amount of time as they try to manage their busy lives. Some people may have trouble accessing offices during regular office hours because of their work schedules and/or family obligations.
17. People are looking to upgrade their skills and education as the economy continues its transformation after the global recession. More Canadians are now pursuing educational opportunities online because it provides more flexibility with their work and family schedules. In other cases, people in communities that are far from a college or university, for example, may look to take courses through distance education. Athabasca University in Alberta – which primarily provides online education – serves over 40,000 students annually, while Ontario’s studyonline.ca supports 180,000 visitors annually and connects Ontarians with 1,000 programs and 18,000 courses online. Ontario’s Contact North provides online and distance programs – where students participate in web conferencing, videoconferencing and audioconferencing platforms – for the 4 million Ontarians in small, remote, rural, Aboriginal and Francophone communities in northern Ontario.
18. Canadians are also now looking to meet their commercial needs online. According to the Canadian Bankers Association, the internet is the main means of banking for 55 per cent of Canadians and this trend is continuing upward for all age groups. Online purchasing makes up a significant portion of the retail economy, with estimated sales now reaching \$25 billion annually in Canada. Canada Post has evolved with this reality by creating integrated selling and shipping platforms for e-commerce retailers that rely on individual merchants.
19. Canadians are increasingly relying on the internet for news, entertainment and social networking. The internet is the fastest and most accessible portal for information and news, especially as news outlets and websites continue to adapt to user demands. Online streaming video services continue to gain in popularity, especially as more services have entered the market in recent years. Canada is also known to be a country with a large social networking presence – this includes roughly 19 million Facebook and 6 million Twitter users.

Barriers to participating in the digital economy

20. Telecommunications services are basic services that individuals and families need to function, no matter where they live or whatever their income. However, communities across the country do not all have the same infrastructure or services available, while individuals and families may not use particular services based on regional pricing and income levels.

21. One in five Canadians lives in a rural community. However, there is a clear disparity between rural and more populous communities when it comes to the available telecommunications services. The CRTC's Communications Monitoring Report reveals that urban centres typically have more local service providers than rural communities as it relates to local telephone, long distance and wireless services. In terms of pricing, rural communities typically pay more for these services, with the disparities larger in western and central Canada.
22. Rural communities experience a similar service gap when it comes to broadband internet. All households in urban areas are able to access basic broadband internet service, while 87 per cent of households in rural communities can. A larger picture can be seen when comparing higher broadband or higher speed internet service. For example, most non-rural areas have access to 50 Mbps broadband internet service, while only one-quarter of households in rural areas do. Like other services, households in rural areas generally have fewer service provider options and face higher prices (urban: \$25-\$72 monthly vs. rural: \$32-\$130) compared to their urban counterparts for internet service.
23. Accessibility of telecommunications services encompasses the actual infrastructure and service options available, but also the cost of obtaining these services. In general, the affordability of services – no matter which region Canadians live in – has a significant influence on any individual or family's decision to use them. This influence becomes more evident especially with low-income households.
24. The National Household Survey reveals a clear disparity of service subscriptions based on income level. For example, 54.9 per cent of people in the lowest income quintile are mobile wireless subscribers, compared to 93.5 per cent in the top quintile. When looking at those who subscribe to mobile wireless services only (as opposed to both wireline and mobile) – the rate for the lowest income quintile is triple the rate of those in the top quintile. The same income disparity exists for internet use in Canadian households. Only 59.7 per cent of households in the lowest income quintile have home internet service compared to 98.4 per cent of those in the top quintile and an average of 83.9 per cent across all quintiles.
25. While there is some intersectionality between geography and income, it is clear that income and socioeconomic conditions are a significant determinant of peoples' ability to access telecommunications services. Low-income Canadians also tend to have over-representation among Aboriginal, racialized and immigrant communities, who face other barriers in the Canadian economy.

Participating meaningfully in the digital economy in the years to come

26. As Canada's digital economy continues to grow and evolve over the next decade, it is evident that Canadians will be increasingly relying on internet services and connected devices. Internet access enables Canadians to better access government services, pursue

educational opportunities, meet commercial and consumer needs, access entertainment and news, and expand their social and professional lives. There will continue to be an increased demand and need for home internet service, along with wireless and data services that support the use of smart mobile devices. The CRTC plays a central role in ensuring that Canadians have greater access to these services in the years to come.

The Commission's role regarding access to basic telecommunications services

27. The Commission plays an important role in establishing regulatory measures to ensure that Canadians have proper access to basic telecommunications services. The basic service objective, in particular, provides the framework of services that incumbent local exchange carriers are obliged to provide to meet the basic needs of Canadians.

Services that should be considered as basic communications services

28. The basic service objective outlines a suite of services that include basic local telephone, long distance, operator/directory assistance, emergency services, voice message relay, privacy protection and local telephone directory. In its 2011 consultation (CRTC 2011-291), the Commission concluded that broadband internet access services should not be included in the objective and that the deployment of these services should continue to rely on market forces and targeted government funding.

29. As technology and the economy continue to evolve, so too do the telecommunications needs of Canadians. The fast changing landscape gives reason for regular review of regulatory measures like the basic service objective, especially if market forces aren't filling the service gaps.

30. The Commission should closely examine measures to increase access of broadband internet services, especially as Canadians continue to – and are required to – engage in the digital economy, and as the gaps between different groups of Canadians (e.g. rural vs. urban, low-income vs. higher income) become more evident.

31. The underlying technology behind providing a service should always be considered when evaluating what should be considered a basic service. Broadband internet, for example, can be provided in different forms through a variety of high speed networks. Market forces and targeted government funding have indeed been able to establish extensive networks, especially in more densely populated areas. However, there still remain infrastructure barriers in some regions of the country.

32. The other major barrier to broadband internet access is pricing. Low-income Canadians are less likely to have access no matter the availability of service in the region. While pricing for these services is influenced by consumer demand and competition, many low-income Canadians are still priced out.

Roles of private sector and various levels of government

33. Market forces and to a lesser degree, targeted government funding, have generally been relied on to provide broadband internet access to Canadians. The private sector does play a considerable role in ensuring that Canadians have access to modern services since they are largely responsible for providing these services and developing and improving existing telecommunications infrastructure.
34. However, given the infrastructure, pricing and service gaps that exist, it is evident that relying largely on market forces has its limitations. Ensuring that Canadians can afford and access such an essential service requires appropriate regulation and creative measures beyond relying solely on market forces.
35. Governments also retain an important role in the industry. The telecommunications industry falls under federal jurisdiction, which places an important responsibility on the federal government. The current federal government's mandate includes: "Increase high-speed broadband coverage and work to support competition, choice and availability of services, and foster a strong investment environment for telecommunications services to keep Canada at the leading edge of the digital economy." The federal government does have regulatory and legislative tools to facilitate this progress.
36. Provincial governments also play a role in improving service access in their jurisdictions. One notable example is in Saskatchewan, which is the only province with a Crown corporation that provides comprehensive telecommunications services. The province plays an integral role in the industry by directly providing core services to individuals and companies operating in the province, while being well positioned to deliver on its mandate to "deliver high quality, accessible and affordable services while investing in core business operations and services within Saskatchewan."

The Commission's role

37. The Commission has historically played an important role in regulating the private and public sector provision of telecommunications services. In addition to specific policies around the obligation to serve and basic service objective, among others, the Commission has played an important role in establishing industry-funded mechanisms and subsidy regimes.
38. The Commission must retain a central role in regulating the private sector and developing the mechanisms required to provide Canadians with better access to basic services like broadband internet. The Commission has the ability to continuously monitor developments in the industry and act based on the evaluated service needs of Canadians.

Final Comments

39. Unifor would like to appear before the Commission during the oral hearings set to begin on April 11, 2016.

Submitted by:

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