



June 13, 2016

Filed electronically

Ms. Daniele May-Cuconato
Secretary-General
Canadian Radio-television and Telecommunications Commission
Ottawa, Ontario
K1A 0N2

**RE: Telecom Notice of Consultation CRTC 2015-134, “Review of basic telecommunications services” (“TNC 2015-134”)
*Final Reply Comments of SSi Micro Ltd. with respect to
The Qimirluk Proposal: An Open Gateway to Deliver the Promise of Broadband***

Dear Ms. May-Cuconato;

1. In accordance with the procedures established by the Commission in TNC 2015-134 and subsequent related letters and notices, including of note TNC 2015-134-5, SSi Micro Ltd. (“SSi”) is pleased to submit these final reply comments as part of the Commission’s review of basic telecommunications services.
2. We have made all efforts to keep our final reply comments brief. Indeed, a very extensive record has already been developed as part of this proceeding. We also note paragraph 6 of TNC 2015-134-5, which provides that “*All parties may file final reply comments with the Commission by 13 June 2016, which are not to exceed 10 pages*”.
3. Our reply focuses on the positions of other interveners *vis-à-vis* key facets of the evidence SSi has submitted as part of this proceeding, with particular reference to our final intervention of May 25, 2016 (the “May 25 Intervention”).

A. The need for change and a truly holistic approach

4. Not surprisingly, a large number of interveners to this proceeding, SSi included, are stakeholders with connection to Canada’s North and more remote communities. And the evidence submitted throughout this proceeding by these parties has been consistent with an earlier determination by the Commission - from almost five years ago now: *the current regulatory framework has failed to produce expected benefits of choice, reliability and innovation for Northern Canadians.*¹

¹ See Paragraph 29 of Telecom Regulatory Policy CRTC 2011-771, *Northwestel Inc. – Review of regulatory framework.*

5. For SSi - as well as for numerous other stakeholders participating in this proceeding - the old ways of doing things must change. To ensure the delivery quality, affordable and sustainable broadband in the North, and to meet the communications needs of Northerners going forward, significant reform to the regulatory framework is required.
6. Policy reform must have the Commission follow a truly holistic approach, and fundamental to the reform is the need to revise the Basic Service Objective (“BSO”) to have broadband as its core component.
7. We also believe the focus of policy reform must be narrowed for it to be effective in resolving Canada’s connectivity deficit; a deficit that is especially felt in Canada’s remote northern and satellite-served communities.
8. In this regard, on the priority need for reform of the BSO policy in Canada’s more remote communities, we note and support the comments of Manitoba Keewatinowi Okimakanak Inc. (“MKO”) from their May 25 Final Submission:

In remote and rural First Nations, broadband needs will often be more acute. For example, if you live in an urban area and are not able to access online banking, you can go to a physical bank branch to meet your financial needs. For many remote and isolated communities, the option of going to a physical location for services is not available. Oftentimes, the only option to access a service or to receive information is through the Internet. If your broadband needs are not being met, you are effectively denied access to many types of essential services: financial, health, safety, education, etc.

Any definition of “basic telecommunications services” in a BSO must be forward-looking and flexible. It must recognize the rapid pace of change in technology and the risk that rural and remote areas may, once again, fall behind urban areas. There should be a mechanism for the minimum standard for broadband to be updated periodically.²

B. The Qimirluk Proposal: focus on an open backbone and gateway facilities

9. In our May 25 Intervention, we noted how SSi has developed and advocated throughout this proceeding the Qimirluk Proposal. We profoundly believe Qimirluk to be the best strategy to overcome the connectivity deficit in Canada’s North and Mid-North.
10. To reiterate, the Qimirluk Solution, in brief, is this:
 - Canada’s North and other remote areas lack critical digital infrastructure; satellite-served communities are at a particular disadvantage.

² Paragraphs 15 and 16 of Manitoba Keewatinowi Okimakanak Inc.’s May 25, 2016 Final Intervention to TNC 2015-134.

- Government broadband programs and contracts for communications services are short-term and uncoordinated; a holistic, longer-term approach will greatly improve service and reduce costs for consumers, business and government.
- Significant and long-term investments by Government and private sector are needed for better backbone capacity and shared gateway facilities (the digital equivalent of highways and on-ramps).
- “Open Gateway Providers” should be developed to deliver shared backbone capacity and open gateway facilities in the North.
- The Open Gateway Provider will co-invest with Government to build and operate:
 - A shared backbone delivered via satellite and / or fibre;
 - Open Gateway facilities to provide equipment co-location space with access to the backbone and a shared tower in each community;
 - Backbone and gateway services made available on a utility basis to all service providers, reducing costs and supporting local competition;
 - Training programs, delivered in partnership with local and territorial agencies, to develop essential local service and support jobs.
- The Open Gateway provider will coordinate among all stakeholders to ensure long-term capacity needs.

11. SSi has proposed that the focus of Commission policy reform should be on the creation of a new funding mechanism to assist in the deployment and ongoing support for transport and open gateway facilities. We call this the Backbone Assistance Program, or “BAP” and it is aimed to deliver on the Qimirluk Proposal.

12. Other parties supported a similar approach, that is, whereby the priority for a national broadband strategy must be on incenting investment in transport infrastructure to Canada’s Northern and more remote communities.

13. Directly on this point, in its May 25 Final Submission, Shaw states:

[...] the priority must be bridging the availability gap by incenting investment in transport to northern and remote communities of Canada.³

14. We also note here the May 25 Final Submission of the Yukon Government, which calls for:

³ Paragraph 74 of Shaw’s May 25, 2016 Final Intervention to TNC 2015-134.

A funding strategy which is adapted to the cooperative approach and preserves the ability to engage market forces.⁴

15. Finally on this issue, CNOC also supported SSi's backbone assistance program, and presented a similar transport support mechanism as part of its interventions. CNOC stated in its May 25 Final Intervention:

The geography, population density and other distinguishing factors of Northwestel's operating territory must receive special treatment as part of Canada's national broadband strategy. A transport subsidy mechanism is urgently needed in the Far North and other areas with substantially similar characteristics.

The transport subsidy mechanism should replace all current subsidy programs in Northwestel's operating territory. All funding occurring through this mechanism should subsidize transport costs in Northwestel's territory that exceed comparable costs for transport facilities in Southern Canada. Comparable costs would be those that are no more than 10% greater than the Southern Canada costs.⁵

C. On landline voice and evolving the contribution system

16. SSi has consistently advanced throughout this proceeding that "Broadband is already the new Basic" – it is the basic telecommunications service necessary to participate in today's digital democracy.⁶ With the recognition of Broadband as vital, as basic, as essential, there must also be an understanding that continuing an exclusive subsidy regime to support ILECs' aging voice landline networks is anachronistic and inefficient.
17. As we stated in our May 25 Intervention, the current contribution system is both anachronistic and inefficient:

Where this leads, of course, is that with the recognition of Broadband as vital, as basic, there must also be an understanding that continuing an exclusive subsidy regime to support ILEC's aging voice landline networks is anachronistic and inefficient.

⁴ Paragraph 4 h) of the Yukon Government's May 25, 2016 Final Intervention to TNC 2015-134.

⁵ Paragraphs ES18 and 19 of CNOC's May 25, 2016 Final Intervention to TNC 2015-134.

⁶ At Paragraphs 9 and 11 of SSi's July 14, 2015 Initial Intervention to TNC 2015-134, we describe our position:

"Broadband is already the "New Basic" – it is the basic telecommunications service, a must-have for all consumers, businesses and governments in Canada." [...]

"And lest we forget, in a point relevant to this proceeding, broadband also provides access to those voice and other telecom services that make up the basic service objective as currently defined by the Commission – with the exception of the printed local telephone directory."

By recognizing the vital nature of broadband and reform the BSO policy – something recognized by intervenor after intervenor to the proceeding – the Commission can seize the moment and take the opportunity to evolve the existing subsidies to support bridging the digital divide in this country.⁷

18. A number of intervenors to this proceeding agreed “The home phone is becoming a bit of the way of the past”.⁸

19. Particularly telling on how the home landline phone has indeed become a “thing of the past” were the numerous attestations made by ACORN Canada members at the public hearing on April 14. We cite two of those here:

“I need the Internet to communicate because I can’t fully hear on the phone. I need it to run ASL, because I don’t have money to pay for classes, and also to reach out to community. Without the internet I would not be able to find help, make appointments, order food, or just talking to people.”⁹

“Well I have a cell phone. It’s just a little [...] mobile phone and I have a landline. And I have cable. I just got laid off in February so I had all of that, but now I don’t have cable because I can’t afford nothing. I’m on EI now so that’s what I have for now. But I think I’ll be disconnecting the landline too soon because it’s too expensive. I need the Internet to look for jobs, so I’m going to keep that.”¹⁰

20. By recognizing the vital nature of broadband and reform the BSO policy – something recognised by intervenor after intervenor to the proceeding - the Commission can seize the moment and take the opportunity to evolve the existing system of subsidies to support bridging the digital divide in this country.

21. In this regard, at Schedule 3 to our July 14, 2015 Intervention is a report prepared by Lemay Yates Associates entitled “*Evolving the Subsidy System in Northwestel’s Operating Territory.*” As the LYA

⁷ Paragraphs 70 and 71 of SSi’s May 25, 2016 Final Intervention to TNC 2015-134.

⁸ As stated by Paul Flaherty, CEO of Northwestel, and cited in Yukon News article, “Northwestel scales back planned upgrades,” October 22, 2012.

⁹ Presentation by Mr. Aaron Richard, ACORN Canada member, at the CRTC public hearing held in Gatineau on April 14, 2016 as part of TNC 2015-134.

¹⁰ Presentation by Ms. Tina Ford, ACORN Canada member, at the CRTC public hearing held in Gatineau on April 14, 2016 as part of TNC 2015-134.

Report makes clear, a major benefit of phasing out the PES and SIP subsidies is that it would free up funds that can then be redeployed and used to support broadband service deployment.¹¹

22. Reforming the contribution system so as to redeploy the funds to a better purpose was proposed and supported by other participants in the current proceeding.

23. On this, we cite at length and with agreement CNOC from their May 25 Final Submission:

The geography, population density and other distinguishing factors of Northwestel's operating territory must receive special treatment as part of Canada's national broadband strategy. The main obstacle to the provision of telecommunications services in this vast area is the high cost of terrestrial and satellite transport.

There is no doubt that the stakes are higher in the Far North, both for Canadians and the country as a whole. Such high stakes warrant swift and decisive action. The lack of transport facilities is the single biggest impediment to the availability of services in the Far North. Therefore, the national broadband strategy must address the lack of transport in Northwestel's territory, and in certain other remote high-cost serving areas, as a priority. Doing so will require a transport subsidy system.

In order to fund a transport subsidy program, CNOC proposes, as an exceptional measures, the redirection of current subsidy programs in Northwestel's operating territory.¹²

24. We also cite at length from, and fully agree with Shaw's May 25th final intervention in this regard:

As Canadians move away from reliance on legacy voice services, the Commission must also carefully review whether existing landline subsidies continue to be necessary and efficient. This is especially critical in markets where there is clear evidence of competition, construction of fibre-to-the-premise facilities, or lower cost substitutes- such as VoIP or wireless. In these instances, Canadians should not be required to continue to fund the ILEC's legacy copper networks. [...]

We should not incent consumers to remain on legacy networks through subsidies when lower cost alternatives are available. We have a responsibility to be efficient in providing subsidies so that we are not overburdening consumers with higher overall monthly bills to support a legacy service. Therefore, the Commission must turn a critical eye to examining whether lower cost alternatives – such as VoIP or wireless – are available in high cost serving areas. In those

¹¹ Paragraphs 114-116 of SSI's July 14, 2015 intervention to this proceeding, Evolving the Subsidy System: The Commission can play a leadership role in the North.

¹² Paragraphs 47, 48 and 49 of the Canadian Network Operators Consortium Inc.'s May 25, 2016 Final Intervention to TNC 2015-134.

exchanges were such alternatives are found to exist, consumers should be encouraged to adopt them and subsidies to the incumbent landline voice provider should be eliminated.

[...] If a new subsidy is contemplated for this purpose, it would be inefficient to layer a new broadband subsidy overtop the existing voice subsidy. Therefore, if the Commission proceeds with a broadband subsidy, it must take steps to remove unnecessary voice subsidies [...] these funds could then be redirected towards making sure all Canadians have access to broadband networks.¹³

25. Very telling is one set of participants to this proceeding who defended the regulatory status quo: they are the ILECS, and those are the very parties who stand to benefit most from the status quo.

26. Most notably, SaskTel, MTS and Bell – with respect to Northwestel – preferred to ignore or dismiss policy that might overcome the broadband connectivity deficit and rather to recommend maintaining the contribution system and subsidizing – on an ILEC-exclusive basis – old copper voice systems.

27. Sasktel, for example, stated in their May 25 Final Submission:

The voice regime should remain largely unchanged, and in particular it should not be amended to include a broadband element. [...]

Broadband also uses multiple technologies while traditional voice essentially uses one, making the definition of technical factors in a BSO much easier for traditional voice. [...]

The voice regime supports an affordable solution for Canadians with financial concerns, and for those who simply have no interest in being made to use broadband.¹⁴

28. The current contribution system requires modernization. It must become more “holistic” if it is to be relevant and effectively serve the current and future needs of Northerners and those living in other remote communities of the country. Otherwise, it will be no more than an anachronistic, competitively inappropriate and costly source of exclusive funding for ILECs. In this regard, we agree with Quebecor, who noted in their May 25 Final Intervention:

Si nécessaire, le Fonds de contribution national mis en place par le Conseil afin de soutenir les services de téléphonie locale en régions éloignées pourrait également servir de source additionnelle de fonds. Québecor Média doute grandement de la nécessité de maintenir en place les programmes de subvention dédiés à ces services. Les réseaux traditionnels de cuivre,

¹³ Paragraphs 79, 81 and 82 of Shaw Cablesystem’s May 25, 2016 Final Intervention to TNC 2015-134.

¹⁴ Paragraphs 7, 36 and 41 of Sasktel’s May 25, 2016 Final Intervention to TNC 2015-134.

qui ont une très longue durée de vie, ont été l'objet de subventions récurrentes pendant des décennies.¹⁵

D. On a National Broadband Strategy: the seven principles of the Nunavut Broadband Task Force

29. In their May 25 Final Submissions, a large number of interveners, SSi included, accepted the Commission's call for parties to explore the elements that should be included in a national broadband strategy for Canada.
30. Since filing our May 25 Intervention, we were reminded of a very important set of principles, elements that we believe must be considered and incorporated in Canada's national broadband strategy. We would be remiss not to cite them here.
31. These are the seven principles developed by the Nunavut Broadband Task Force in 2002. They were set out in their 2003 Report. The principles remain fully relevant today, and we reproduce them below in their entirety:

Guiding Principles and Overview of Report

In our past, survival depended on our abilities to collect, understand, and share knowledge with each other. Today, we live in the "information age," and we depend on high-speed communications to assure our participation in the knowledge-based, global economy. As we take our place in Confederation, and work to reduce the social and economic gaps between Nunavummiut and other Canadians, our ability to use knowledge to support our development will be tested. We are convinced that Nunavummiut, with broadband, can meet this challenge.

In developing our recommendations for bringing broadband to Nunavut, we were guided by seven principles. These principles are based on an understanding of our population as an oral-based culture, supported by equally accessible, affordable broadband tools that are used and controlled by people in our communities. With the participation of business, and with the support of government regulatory and policy frameworks, broadband can be used to further our cultural, educational, social, and economic goals.

Principles

1: Support Our Oral Culture

Nunavummiut communicate orally to create healthy communities, a vibrant economy, and a culturally strong people. We will build broadband applications that help us use our oral tradition to connect our communities and lead to increased self-reliance.

¹⁵ Paragraph 41 of Quebecor Media's May 25, 2016 Final Intervention to TNC 2015-134.

2: Provide Universal, Affordable Access

All Nunavummiut must have access to broadband services equally. We will ensure broadband services are affordable, so that we all can use communication tools to achieve economic, social, and cultural goals.

3: Communities Come First

We recognize that community involvement is the key to developing appropriate uses of broadband for all to benefit. We will ensure all members of a community will have access to broadband tools, and if they wish, can play a role in shaping how broadband is used in their community.

4: Build Capacity In The Private Sector

Broadband services must evolve and grow to meet the needs of Nunavummiut over time. We will stimulate private sector development in broadband services, and encourage competition and innovation to build a strong responsive communications industry – from small companies at the local level, to regional service providers.

5: Provide Equality Of Access To Public Services

The small population in our remote communities means we often have reduced opportunities for delivery of face-to-face public services. We believe broadband tools can be developed to help Nunavummiut obtain equal access to the public services (especially in the areas of education and health) available to other Canadians.

6: Promote Our Language And Culture

With the introduction of any new English-based technology, we know there are risks to the survival of our language and culture. We must ensure that broadband tools increase the opportunity to communicate in the various dialects of Inuktitut, to enhance the promotion, preservation, and evolution of our language and culture.

7: Ensure Advancement And Innovation Of Services

Broadband services must evolve as technology advances, but they must also respond to innovation in our communities and to local aspirations. To enable this broad evolution, we need to set out a broadband plan that is community driven, and accommodates our specific cultural, language, technical, and training needs. The plan must be subject to on-going assessment, to help measure our progress in attaining our goals, and to allow for changes in direction in response to changes in technology and community needs.¹⁶

¹⁶ Sivumuqpallianiq: Moving Forward, Strengthening our Self-Reliance in the Information Age: Report of the Nunavut Broadband Task Force, 2003, pages 3-4.



E. In Conclusion

32. In closing, at the final stage of this seminal proceeding, it is clear there has been a consensus of opinion reached by those in Canada’s outlying communities. In order to contribute effectively in today’s digital age, access to quality and affordable broadband is paramount – “vital” in the words of the Chair, “essential” in the words of others.
33. However, without substantive policy reform to be effected by the Commission, the current BSO does not allow for the support necessary to provide reliable and affordable broadband service to some of Canada’s most remote areas.
34. Initiating this proceeding has been a step in the right direction, however SSi stresses the importance of an all-inclusive approach. This is necessary in order to address and meet the communications needs of Canada’s North today and down the line. We strongly believe the Commission is the driving force to make this a reality.
35. We appreciate the opportunity to submit these final reply comments, but look much more forward to the opportunity to assist in the implementation of the Commission’s determinations.

Respectfully yours,

SSI MICRO LTD.

[SGD – DEAN PROCTOR]
Dean Proctor
Chief Development Officer
Email: regulatory@ssimicro.com

CC: Parties to TNC 2015-134

***** End of Document *****