



Pre-Budget Submission
Presented to the Standing Committee on Finance of the House of Commons

Background

The Canadian Cable Systems Alliance (CCSA) represents the interests of more than 115 independent communication companies serving Canadians from coast to coast to coast. CCSA's members connect Canadians to information, entertainment and other critical services. They are co-operatives, family businesses, rural companies, First Nations bands and entrepreneurs providing service to Canadians in both urban and rural markets across the country and competing with large, vertically integrated companies on choice, technology, service and price. These are companies that invest in their community. They provide jobs and sponsor local events. This is because their relationship to the community isn't just one of business; they know their community and they live there too.

Recommendations

- 1. That the government continue to consult widely with our members when designing its recently-announced rural broadband initiative**
- 2. Give the CRTC power to assess fines with respect to broadcasting matters**
- 3. Promote competition in cellular services**
- 4. Address excessive pricing by the Big Four for wholesale access to Internet bandwidth**

Discussion

Government's primary objectives should be to promote greater competition in the delivery of communications services and improved, affordable access to those services by Canadians

The Canadian Cable Systems Alliance (CCSA) is proud that its members work closely with their local communities to meet the needs of those communities. CCSA's recommendations for the 2017 budget emphasize consumer needs for affordability and accessibility. Our members' record of community stewardship underscores their foundational commitment to these principles.

CCSA members were pleased to see, in Budget 2016, a commitment of \$500 Million for expanding rural broadband access. Following this announcement, CCSA successfully partnered with the Federal government to assist in design and implementation of this program over the coming years. This commitment will have a profound impact on the communications industry in rural and remote regions of Canada; an area in which our membership has deep and diverse

expertise, having operated in such areas for decades. To this end, CCSA has already submitted numerous recommendations on the program's direction and looks forward to continuing this support for the program's duration.

Ensuring that there is competitive fairness in the communications industry is vital to protecting consumers. With respect to broadcasting matters, license withdrawal is the primary remedy currently available to the CRTC. That is a very blunt instrument which is very difficult to use and, as a result, is almost never invoked. Monetary penalties are much more flexible and meaningful deterrents. If the Canadian consumer is to benefit from competition, the CRTC must have effective tools to constrain abuses of power, especially by the large, vertically integrated communications companies. The CRTC should be given the power to assess Administrative Monetary Penalties under the *Broadcasting Act*. By promoting effective supervision, by the CRTC, of a fair and competitive market, this change will have a positive impact on consumer choice and help increase competition in the market.

Over the last decade, the mobile wireless sector in Canada has increased exponentially. While the increased access in Canada's urban centres has been noticeable, rural and remote areas lag behind, and Canadian consumers overall enjoy the dubious distinction of having some of the highest wireless rates in the world. Meanwhile markets in the United States and around the world have opened to increased competition and, subsequently, have seen more competitive pricing for consumers.

The issue exists because the big communications providers remain protective of their markets and margins and refuse to partner with smaller companies. This is a disservice to consumers and contributes to a lack of competition for wireless services in the Canadian market. Canadians need a policy framework that increases access to wireless networks for smaller players so that competition and consumer choice may be increased.

In addition, the large, incumbent communications companies have been able to charge exceedingly high rates for wholesale access to broadband networks. In the 21st century, high-speed Internet access has become a necessity to live, work, and interact with society for every resident of Canada, not just those in the urban centres. Even as more and more government, public and other services, such as education and health care, move online, access to those services remains a challenge for many Canadians.

As is quite common in rural and remote areas, there is often only one telephone or cable provider with infrastructure in a specific area. This is due to the fact that it is not economical to install additional fibre networks for small communities. In recent years, the CRTC has deregulated rates for provision of certain services in many such markets. As a result, large incumbents can price bandwidth access so as to effectively foreclose competition in smaller communities. It is incumbent on the Federal government to address these high rates to promote greater availability of affordable broadband service for all Canadians.