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INUIT TAPIIRIT KANATAMI

Recommendations for the Review of the Canadian Communications Legislative Framework

11 January, 2018

About Inuit Tapiriit Kanatami

Inuit Tapiriit Kanatami (ITK) is the national representative organization for the 65,000 Inuit in Canada, the majority of whom live in the 51 communities of Inuit Nunangat, the Inuit homeland encompassing the Inuvialuit Settlement Region (Northwest Territories), Nunavut, Nunavik (Northern Quebec), and Nunatsiavut (Northern Labrador). Inuit Nunangat encompasses approximately 30 percent of Canada's land mass and 50 percent of its coastline.

The comprehensive land claim agreements that have been settled in Inuit Nunangat continue to form a core component of our organization's mandate. These land claims have the status of protected treaties under section 35 of the Constitution Act, 1982, and we remain committed to working in partnership with the Crown toward their full implementation. Consistent with its founding purpose, ITK represents the rights and interests of Inuit at the national level through a democratic governance structure that represents all Inuit regions. ITK advocates for policies, programs and services to address the social, cultural, political and environmental issues facing our people.

ITK is governed by a Board of Directors composed of the following members:

- Chair and CEO, Inuvialuit Regional Corporation
- President, Makivik Corporation
- President, Nunavut Tunngavik Incorporated
- President, Nunatsiavut Government

In addition to voting members, the following non-voting Permanent Participant Representatives also sit on the Board:

- President, Inuit Circumpolar Council Canada
- President, Pauktuutit Inuit Women of Canada
- President, National Inuit Youth Council

Vision


Canadian Inuit are prospering through unity and self-determination

Mission

Inuit Tapiriit Kanatami is the national voice for protecting and advancing the rights and interests of Inuit in Canada

Inuit Nunangat

Inuit Nunangat is the Inuit homeland in Canada, encompassing 51 communities in the Inuvialuit Settlement Region (Northwest Territories), Nunavut, Nunavik (Northern Quebec), and Nunatsiavut



(Northern Labrador). Inuit Nunangat makes up nearly one third of Canada's landmass and 50 percent of its coastline. It is a distinct geographic, political, and cultural region that is co-managed by Inuit and the federal government through governance structures established through comprehensive Inuit land claim agreements.

Recommendations for Canadian Telecommunications Policy Renewal

Modern telecommunication infrastructure in Inuit Nunangat is critical for economic development, education, language and culture, telemedicine and social services, public safety, community sustainability, and democratic participation. ITK respectfully submits the following principles to guide telecommunication policy renewal and the department's broader work towards a national broadband strategy.

Widening digital divide between Inuit Nunangat and (urban) Canada is exacerbated by unambitious policy and cost-ineffective investments in incremental change

Federal telecommunication policy and programs have failed to meaningfully address the growing rural/urban digital divide, all the more so in Inuit Nunangat. The dire digital divide in Inuit Nunangat has been noted by the federal government since the 1990s, reiterated most recently in the 2018 report on rural broadband by the Standing Committee on Industry, Science and Technology.¹ As with all Canadians, Inuit rely on internet connectivity to participate in Canada's economic, cultural, and political life. Due to remoteness factors, internet connectivity has a more pronounced role to play in Inuit Nunangat than in most other parts of Canada in enabling access to health, education, and justice services, and in reducing the current overall costs of public service delivery in Inuit communities. In spite of the various initiatives of ISED and CRTC, broadband service in satellite-dependent Inuit Nunangat communities remain inadequate and expensive compared to other parts of Canada. This digital divide is widening and consequently exacerbating existing socioeconomic inequities faced by many Inuit.

The recent Auditor General report² specifically highlighted that while the department is aware of the extent of the digital divide with increasing precision and while many past reviews, including the department's own review of telecommunication policy in 2006³, continue to call for a national strategy, the department was reluctant to develop one because "it did not want to set an objective that could not be reached with available funding".

Between 1994-2021, total direct expenditures on broadband for un(der)served communities in Canada will total \$2.5 billion (CAD), possibly closer to \$3 billion if include other indirect programs. The bulk of that investment has gone into satellite bandwidth. Indeed, the CRTC's satellite inquiry revealed that up to

¹ Canada. Parliament. Senate. Standing Committee on Industry, Science and Technology. *Broadband Connectivity in Rural Canada: Overcoming the Digital Divide*. 1st session, 42nd Parliament, 2018, accessed August 30, 2018, <https://www.ourcommons.ca/DocumentViewer/en/42-1/INDU/report-11/>.

² Auditor General of Canada. *2018 Fall Reports of the Auditor General of Canada to the Parliament of Canada: Report 1—Connectivity in Rural and Remote Areas*. 2018. Accessed November 21, 2018, http://www.oag-bvg.gc.ca/internet/English/parl_oag_201811_01_e_431.

³ Canada. Telecommunication Policy Review Panel. *Final Report 2006*. 2006. Accessed December 31, 2018, [https://www.ic.gc.ca/eic/site/smt-gst.nsf/vwapj/tprp-final-report-2006.pdf/\\$file/tprp-final-report-2006.pdf](https://www.ic.gc.ca/eic/site/smt-gst.nsf/vwapj/tprp-final-report-2006.pdf/$file/tprp-final-report-2006.pdf).

65% of a telecom service provider's total costs in satellite-served communities is for satellite bandwidth. The result: while 97% of urban areas have access to the CRTC's universal target of 50 Mbps download and 10 Mbps upload, only 37% of rural households and no households in Inuit Nunangat have access to those service levels⁴. We will have to wait another 10-15 years, at which point those "universal" targets will be even less relevant than they are today.

By the department's own recent estimates⁵, \$2 billion could have instead brought fibre to every community in the North (presumably including all communities in Inuit Nunangat). While unambitious policy and cost-ineffective investments in incremental change make it easier for policymakers to declare short-term success, they fail to bring about the transformative change that is required to close the digital divide in Canada.

The increased reliance on market forces, prescribed in both section 7(f) of the Telecommunications Act and the *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, has benefited the telecommunication industry more than consumers and has been ineffective in substantively improving telecommunication service offerings in Inuit Nunangat

In an environment of market failure, market-based solutions are both inappropriate and ineffective in delivering the desired social outcomes. Current telecommunications policy relying on targeted programs and market forces, while benefiting the private sector, is failing Inuit. For example, in the CRTC's review of the provision of telecommunications services in Canada's North⁶, the Commission expressed concern that "Northwestel's shareholders have benefited from the price cap regulatory framework to a far greater extent than its customers"⁷. Closing the digital divide can only be achieved through policy prioritizing social outcomes and transformative investments in fibre optic connectivity.

Policy should support a carrier-neutral backhaul and service-based competition

In a recent testimony before the House of Commons Indigenous and Northern Affairs Committee meeting on northern infrastructure, NorthwesTel President Curtis Shaw suggested that "The government should look to abandon any obligation for subsidy recipients in Canada's north to offer wholesale access"⁸. The company, which received \$50 million under ISED's Connect to Innovate program, has already been

⁴ Canadian Radio-television and Telecommunications Commission. *Communication Monitoring Report 2018*. Accessed January 2, 2018, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2018/index.htm>.

⁵ Susan Hart. *Evidence before the Standing Committee on Industry, Science and Technology on November 27, 2017*. Accessed August 29, 2018, <http://www.ourcommons.ca/DocumentViewer/en/42-1/INDU/meeting-85/evidence>

⁶ Canadian Radio-television and Telecommunications Commission. *TNC 2011-302*. 2011, accessed January 11, 2018, <https://crtc.gc.ca/eng/archive/2011/2011-302.htm>.

⁷ Canadian Radio-television and Telecommunications Commission. *Telecom Regulatory Policy CRTC 2011-771*. 2011, Accessed January 11, 2018, <https://crtc.gc.ca/eng/archive/2011/2011-771.htm>.

⁸ Curtis Shaw. *Evidence of meeting #127 for Indigenous and Northern Affairs* 1st session, 42nd Parliament, 2018, accessed January 2, 2018, <https://openparliament.ca/committees/aboriginal-affairs/42-1/127/curtis-shaw-1/>

criticized by competitors for its reluctance to operationalize wholesale access to bandwidth in a timely manner.⁹

A 2013 analysis of open access arrangements in OECD countries¹⁰ found that these arrangements rarely arise voluntarily; they “are mostly the result of public intervention and are usually triggered by a mismatch between public policy objectives and the current outcomes of market forces”. The OECD report also noted that for rural and remote areas where there is a weak business case for multiple operators, the combination of an open access backhaul and service-based competition could be “an efficient long-term market structure.”

The Arctic Economic Council’s report on Arctic broadband¹¹ went a step further. The report recommended that “if public-private partnerships are not practicable, governments should use public resources to finance and operate broadband facilities to offer services on a carrier-neutral and cost-based wholesale basis to help spur adoption.”

In the context of Arctic connectivity, technological neutrality fosters path dependence and technological lock-in favouring legacy technologies (satellite); policy needs to actively promote “future-proof” technologies and support fibre deployment

Government-supported regional fibre projects are the most viable path forward for Inuit Nunangat. The Innovation, Science and Economic Development Canada’s investment of \$62.5 million in the Kativik Regional Government’s Tamaani Internet phase 5 project is a positive, exciting step forward for enhancing connectivity across Inuit Nunangat. Similar investments should be made in the Inuvialuit Settlement Region, Nunavut, and Nunatsiavut that incentivize, in the first stages, the development or completion of regional feasibility studies that lay the groundwork for future investments in fibre optic connectivity.

There are strong forces from incumbents towards path dependence (as incumbent service providers have built their business models around satellite backhaul and targeted government programs) and technological lock-in (though incremental improvements in satellite technologies). Canadian telecommunication policy should actively promote “future-proof” technologies and support fibre deployment in Inuit Nunangat.

The Arctic Council’s Task Force on Telecommunications Infrastructure in the Arctic (TFTIA) reinforces this position:

It is important to note that initial deployment of one type of telecommunications technology does not preclude subsequent deployment of additional or alternative technologies as

⁹ See for example <https://www.cbc.ca/news/canada/north/northwestel-connect-to-innovate-1.4960892>

¹⁰ OECD. Broadband Networks and Open Access. *OECD Digit. Econ. Pap.* 2013. doi:[10.1787/5k49ggz7crrm-en](https://doi.org/10.1787/5k49ggz7crrm-en)

¹¹ Arctic Economic Council. *Arctic Broadband – Recommendations for an Interconnected Arctic.* 2017, accessed November 10, 2018, <https://arcticeconomiccouncil.com/highlight-aec-working-group-on-connectivity/>.

circumstances change. Therefore, less expensive or easier-to-deploy telecommunications infrastructure can be deployed initially to provide adequate communications service to Arctic users until economic development has progressed sufficiently to justify additional investment in network and service expansion.¹²

Technological neutrality risks prioritizing convenience, for policymakers and incumbents alike, over strategic thinking. Catharine Middleton, former Canada Research Chair in Communication Technologies in the Information Society, writes that “Ultimately technologically neutral policies and programs have the effect of encouraging legacy connections and continued use of satellite connections in remote areas” and that a shift away from thinking about broadband in terms of minimum acceptable speeds in favor of recognizing the importance of building capacity for the future.¹³

The Organisation for Economic Cooperation and Development (OECD), in a report on the development of fixed broadband networks concluded that, “Eventually, fibre will almost certainly be the dominant carrier technology in fixed networks.”¹⁴

Service availability and service adoption are not the same and policy needs to specifically address barriers to service adoption by low income households

Inuit face stark socioeconomic inequities, not least of which is a substantial income gap between Inuit and non-Inuit. The median individual income for Inuit in Inuit Nunangat is \$23,485 compared to a median individual income of \$92,011 for non-Indigenous people in Inuit Nunangat.¹⁵ At the national level, households in the lowest income quintile spent 2% of their annual income on internet access compared to only 0.3% for the highest income quintile households¹⁶. Consequently, there is a pronounced and persistent gap in home internet access between low income and higher income households. While high income households have almost universally adopted home internet access, only about half of low income households have home internet access¹⁷. Canadian telecommunications policy should thus aim to deliver social outcomes with respect to service adoption not merely service availability. One potential approach worth further consideration is a discount for low-income households similar to the Lifeline program in the United States¹⁸.

¹²Arctic Council Task Force on Telecommunications Infrastructure in the Arctic. *Telecommunication Infrastructure in the Arctic: A Circumpolar Assessment*. 2017, accessed November 10, 2018, https://oarchive.arctic-council.org/bitstream/handle/11374/1924/2017-04-28-ACS_Telecoms_REPORT_WEB-2.pdf?sequence=1&isAllowed=y

¹³ Middleton, C. Moral Fibre. *Intermedia* 44, 31–34 (2016).

¹⁴ OECD. The Development of Fixed Broadband Networks. *OECD Digit. Econ. Pap.* 2014. doi:[10.1787/5jz2m5mlb1q2-en](https://doi.org/10.1787/5jz2m5mlb1q2-en)

¹⁵ Statistics Canada. *2016 Census*. Custom tabulation prepared for ITK.

¹⁶ Canadian Radio-television and Telecommunications Commission. *Communication Monitoring Report 2018*. Accessed January 2, 2018, <https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2018/index.htm>.

¹⁷ Statistics Canada. *2010 Canadian Internet Use Survey*. 2016, accessed January 11, 2018, <https://www150.statcan.gc.ca/n1/pub/11-402-x/2012000/chap/information/information01-eng.htm>.

¹⁸ For Lifeline program details, see <https://www.fcc.gov/general/lifeline-program-low-income-consumers>.



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