



CANADA

PRIVY COUNCIL • CONSEIL PRIVÉ

P.C. 2000-1051
June 26, 2000

Whereas, on December 15, 1999, the Canadian Radio-television and Telecommunications Commission rendered Telecom Decision CRTC 99-20, entitled *Review of Frozen Contribution Rate Policy*;

Whereas, on March 10, 2000, AT&T Canada Corp., Call-Net Enterprises Inc., Primus Telecommunications Canada Inc. and RSL Com Canada Inc. filed a petition pursuant to subsection 12(1) of the *Telecommunications Act* requesting that the Governor in Council vary Telecom Decision CRTC 99-20;

Whereas the objectives of the Canadian Telecommunications Policy set out in section 7 of the *Telecommunications Act* are, in part,

"(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; [and]

...

(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;"

Whereas the Commission has implemented an explicit subsidy mechanism to maintain affordable rates for basic local telephone service, based on requirements determined by the Commission for each incumbent local exchange carrier and funded by long distance carriers through per-minute contribution rates that have been set on the basis of those determined requirements;

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Whereas, consistent with increasingly competitive telecommunications markets, the Commission has taken steps, including the implementation of substantial local rate increases, to significantly reduce contribution requirements and per-minute levies since their introduction in 1992 and to direct remaining subsidies to areas where the cost of providing basic service exceeds the associated revenues;

Whereas, in Telecom Decision CRTC 99-20, the Commission maintained a general freeze that had been imposed on per-minute contribution rates under Telecom Decision CRTC 97-8 of May 1, 1997, as part of a four-year price cap regime the Commission had adopted in order to regulate the incumbents' local telephone service rates under Telecom Decision CRTC 97-9 of May 1, 1997;

Whereas the Commission is currently reviewing the contribution collection mechanism in a proceeding established under Telecom Public Notice CRTC 99-6, and the Governor in Council concurs with the urgent need for this review in light of increased competition and technological change that

(a) underscore the need to ensure that an appropriate link is maintained between the contribution revenues collected and the requirements that they are funding, and

(b) may make it unsustainable to place the entire explicit subsidy burden on one segment of the telecommunications service industry;

Whereas, the Commission will be conducting a review of the price cap regime established under Telecom Decision CRTC 97-9, in a proceeding expected to commence later this year, in order to establish a suitable replacement for the current four-year price cap period which expires on December 31, 2001;

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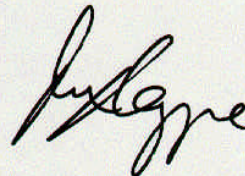
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Whereas the Governor in Council considers it important for the Commission to proceed with the timely implementation of its decisions in the proceedings under Telecom Public Notice CRTC 99-6 and in the anticipated review of the price cap regime;

And whereas, during the price cap period established under Telecom Decision CRTC 97-9, the Commission has found it appropriate to make specific adjustments that affect contribution and may continue to make adjustments during the balance of the current price cap period;

Therefore, Her Excellency the Governor General in Council, on the recommendation of the Minister of Industry, pursuant to subsection 12(1) of the *Telecommunications Act*, hereby declines to vary Telecom Decision CRTC 99-20.

CERTIFIED TO BE A TRUE COPY—COPIE CERTIFIÉE CONFORME



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