



CANADA

PRIVY COUNCIL • CONSEIL PRIVÉ

P.C. 2000-1052

June 26, 2000

Whereas, on October 19, 1999, the Canadian Radio-television and Telecommunications Commission rendered Telecom Decision CRTC 99-16, entitled *Telephone Service to High Cost Serving Areas*;

Whereas, on January 14, 2000, the Governments of Manitoba and Saskatchewan presented a petition to the Governor in Council pursuant to subsection 12(1) of the *Telecommunications Act* requesting that the Governor in Council vary Telecom Decision CRTC 99-16;

Whereas petitions requesting that the Governor in Council vary Telecom Decision CRTC 99-16 were also filed by the Canadian Co-operative Association, Saskatchewan Region, the Board of Education of the Regina School Division No. 4 of Saskatchewan, the Saskatchewan School Trustees Association, the Library Association of Alberta and the Alberta Library Trustees Association (collectively, together with the governments of Manitoba and Saskatchewan, the Petitioners);

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;

...

(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; [and]

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- 2 -

...

(h) to respond to the economic and social requirements of users of telecommunications services;"

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;

Whereas, in Telecom Decision CRTC 99-16, the Commission

(a) established a basic service objective for all regions of Canada that includes individual line local service with touch-tone dialing, provided by a digital switch with a capability to connect via low-speed data transmission to the Internet at local rates, enhanced calling features including access to emergency services, Voice Message Relay service and privacy protection features, access to operator and directory assistance services, access to the long distance network and a copy of a current local telephone directory, and

(b) ordered the incumbent telephone companies to file service improvement plans to ensure the extension of the level of service described in paragraph (a) at affordable rates, to those Canadians who currently do not have access to it;

Whereas it will require significant investments to deliver the level of service that meets the Commission's basic service objective where the service is not already available;

Whereas the Petitioners request that Telecom Decision CRTC 99-16 be varied to replace the existing subsidy mechanism with a national fund sufficient to ensure the provision of "advanced

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- 3 -

telecommunications and information services" in all regions of Canada "at rates that are reasonably comparable to rates charged for similar services in urban areas" and the provision of advanced telecommunications and information services to schools, health care providers and libraries;

Whereas the private sector is currently making significant annual investments to deploy a range of advanced telecommunications and information services via wireline, cable, wireless and satellite facilities across Canada, generally in competitive rather than regulated telecommunications markets;

Whereas the federal government, in partnership with the private sector and other levels of government, has implemented programs such as SchoolNet, Community Access Program, VolNet, Smart Communities and CANARIE that help stimulate demand for, and provide access to, advanced telecommunications and information services, and has provided regional economic development funding to assist in building the telecommunications infrastructure;

Whereas several provincial and territorial governments have also implemented initiatives that help stimulate demand for advanced services and finance the deployment of telecommunications infrastructure;

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;

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- 4 -

And whereas the Governor in Council has, pursuant to section 14 of the *Telecommunications Act*, directed the Commission to submit annual reports over the next five years on the status of competition in Canadian telecommunications markets and of the deployment and accessibility of advanced telecommunications infrastructure and services across Canada;

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 99-16.

CERTIFIED TO BE A TRUE COPY—COPIE CERTIFIÉE CONFORME

A handwritten signature in black ink, appearing to read 'J. L. G.', is written over the printed title of the Clerk of the Privy Council.

CLERK OF THE PRIVY COUNCIL—LE GREFFIER DU CONSEIL PRIVÉ