Q3: *At paragraph 141 of their intervention, FMCC indicated that local and/or regional telecommunications providers that operate as community intermediary organizations are demonstrably willing to offer services in a high cost serving areas, and can do so more efficiently and at less cost. Explain, with supporting rationale, how community intermediary organizations would be able to offer services at less cost.*

Response:

1. The limited size of communities, coupled with their remote locations, means that there is virtually no business case to build the infrastructure necessary to deliver the bandwidth required in these regions. However, once the infrastructure is installed, services can be sustained economically, particularly if the support and delivery of bandwidth is done by community-based organizations. Local and regional community intermediary organizations can offer services more efficiently and at less cost than commercial incumbent telecommunications providers for several reasons.

2. First, they are non-profits or community owned, and so do not have obligations to make a profit for external shareholders – a key benefit in areas that lack a business case to extend and operate infrastructure and services.

3. Second, these organizations are owned and controlled by the communities. They have to be responsive to the needs of the communities, support local priorities, and take their direction from the communities they serve. Therefore, they also often have staff who speak the Indigenous language used in these communities. They know the people and the available resources and needs. This makes it possible to construct, operate, manage, train and support local networks and applications that address local and regional needs and priorities.

4. Third, as illustrated through references throughout this response to community-based organizations like K-NET, ECN, Tamaani Internet and others, they provide shared capacity and expertise in planning, fundraising, and coordinating regional infrastructure and application (e-health, e-learning, e-justice, e-business, e-research, e-monitoring, e-security, etc.) projects.

5. Fourth, since they are based in the communities and regions where they operate, these organizations can respond promptly to service issues – even given geographic barriers and limited transportation infrastructure.

6. Fifth, these organizations tend to hire local people who are less expensive than employees of major service providers. Since they hire locals, these organizations also do not have to pay to fly employees to expensive-to-reach communities for installation and repairs.

7. Sixth, these organizations often innovate to adapt equipment or services to local conditions. Examples include the traffic management applications developed by K-NET, Voice-over-IP services in communities like Slate Falls, and the construction and operation of local fibre networks like in K'atl'odeeche First Nation.

8. The approach of these community and regional organizations can be contrasted with that of large providers based in the South, which often do not adapt their facilities and methods to Northern conditions, and may even justify their prices as just another high cost to be borne by northern residents. For example, we stated in our intervention in Telecom Notice of Consultation CRTC 2015-133:

    "Telesat seeks to justify its prices as "reasonable" because the cost of living is higher in the North. While challenging the SIR's evidence that Canadian C-band prices are slightly higher than average FSS C-band prices in North America or other regions of the world, Telesat states: "Even if this comparison were accurate, Telesat suspects that the price of many other types of products or services in Canada, and particularly in remote satellite-dependent communities, are more than slightly higher than North American prices."[1]

9. The ECN provides concrete evidence of cost-savings and efficiencies developed through their provision of services to Cree and James Bay communities. ECN's policy is to provide transport services to all communities on the network, regardless of population size or geographic location at the same cost and availability. Local providers can access the open transport network at the same tariffed rates. In contrast, ECN notes that Telebec's discretionary pricing model charges different tariffed rates depending on a community or organization's geographic location, resulting in digital divides between northern and southern communities in the James Bay/Eeyou Itschee region, as illustrated in the following comparison between costs of service in Chisasibi and Chibougamau:

---

[1] Intervention by Telesat in Telecom Notice of Consultation CRTC 2015-133, July 20, 2015, para. 46.

Chisasibi: (north)
- Telebec $2,000 - $3,000 per MB per month
- ECN: $60 - $70 per MB per month

Chibougamau: (south)
- Telebec: $60 per MB per month
- ECN: $60 - $70 per MB per month

END OF DOCUMENT