

**Q:** *Would the FMCC proposal accept to endorse the use of the NCF for a low-income subsidy fund as proposed by PIAC as well as for northern local community-provider associations to be used for digital literacy, expanding telecommunications coverage in rural and remote communities and training?*

## **Response**

1. PIAC et al. state in their intervention in response to Q 11a:

“The NCF should be used to fund two new mechanisms to support the provisioning of affordable access by all Canadians to “basic” telecommunications services: the Affordability Funding Mechanism and the Broadband Deployment Funding Mechanism.”<sup>1</sup>

2. The FMCC agrees in principle with PIAC that there is a need for funding for broadband infrastructure and a subsidy for low-income users to ensure that broadband is affordable for all Canadians. We also agree that funds should be provided for digital literacy and other training to support both the implementation and operation of local and regional networks.
3. However we are concerned that funding for a national initiative to support affordable access by all Canadians may impact the establishment of a much-needed fund targeted to those rural, remote, Northern and Indigenous regions of Canada that still lack the infrastructure and services that enable broadband in the first place. For the FMCC, it is essential that residents of these communities can access adequate infrastructure and services equal to their counterparts in urban and southern regions of Canada. Therefore we stress that any proposals related to affordable access take in consideration this key issue. We are concerned that the implementation of national subsidies may undermine the funds necessary to establish a NISF targeted to the remote, isolated and Northern communities that so far have been left outside of Canada’s emerging digital economy. A simple way to avoid this problem would be to ensure that funds allocated to each subsidy are autonomous with respect to each other.

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<sup>1</sup> Intervention of the “Affordable Access Coalition” in CRTC 2015-134, July 14, 2015.

4. To this end, the FMCC has proposed two types of subsidies:
  - One is targeted to the North, for service providers (the Northern Infrastructure and Services Fund, or NISF)
  - One is nation-wide for low-income consumers – including those located in remote and rural communities – to ensure affordability.
5. Thus our infrastructure proposal for an NISF differs somewhat from PIAC's in that it focuses on ensuring the provision of adequate infrastructure and services in the North – remote areas in the Territories and northern parts of the provinces.
6. We also propose a different structure to implement the NISF. We are concerned that the governance model of the Canadian Telecommunications Contribution Consortium (CTCC), which is responsible for implementation of the National Contribution Fund (NCF), does not include representatives of northern communities and community providers. Nine of the CTCC's 11 board members are from Ontario, with one each from Saskatchewan and Nova Scotia. None are from the North. Further, most board members are current or former employees of major telecommunications services providers. In addition, the criteria and selection process for board members are not transparent. We are proposing equitable and transparent regional representation that includes a balance of northern and community representation on the CTCC.

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