

Q: *Would the FMCC approve of a similar ‘portable contribution’ or ‘portable subsidy’ approach being adopted for funding mechanisms established to support broadband service (including the NISF proposed by FMCC)? Please elaborate.*

Response

1. Along with a Northern Infrastructure and Services Fund (NISF), which is the main focus of our intervention and should be treated separately from any user subsidy, we have proposed a user subsidy in our submission:

“The CRTC should also introduce a subsidy for low income subscribers — based not on geography, but on need. Residents in northern regions would qualify for such a subsidy, in addition to low income residents in other regions. This subsidy would help to address the higher cost of living and the variable employment opportunities in Canada’s isolated remote and Northern communities, but also recognizes the financial hurdles facing low-income Canadians in all areas of the country.”¹

2. The user subsidy should be portable – i.e. the user should be able to select any available provider that meets specified requirements for bandwidth and reliability. But any user subsidy can only be properly applied once required broadband infrastructure is in place for all citizens.
3. While this subsidy would help to make service affordable for users and generate additional operating revenue for providers, FMCC’s position is that a separate infrastructure subsidy is required to extend and upgrade broadband facilities in remote communities, as described in our NISF proposal.
4. For the FMCC, it is essential that residents of rural, remote and Northern communities be able to access infrastructure and services, comparable to their counterparts in urban and southern regions of Canada. Therefore we stress that any proposals related to user subsidies – portable or not – take into consideration this specific need. We are concerned that user subsidies that apply on a national level could have the potential undermine funds needed to establish a NISF targeted to the remote, isolated and Northern communities so far left outside of Canada’s emerging digital economy. When determining how to allocate scarce funds, it is crucial to ensure that sufficient resources are dedicated to assisting with the deployment of infrastructure in unserved and underserved areas.

¹ Intervention by FMCC in Telecom Notice of Consultation CRTC 2015-134, July 14, 2015, para. 148.

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