



CAVP

Canadian Association of Voice Over IP Providers

www.cavp.ca

136 Westwood dr. Winnipeg MB R3K 1G6

1-866-940-CAVP (2287)

August 16, 2006

To: Director General
Telecommunications Policy Branch
Industry Canada
16 Floor, 300 Slater Street, Ottawa Ontario
telecom@ic.gc.ca

cc: Maxime Bernier
Minister of Industry
Ottawa, Ontario
Minister.Industry@ic.gc.ca

cc: Steven Fletcher
Member of Parliament for Charleswood-St. James-Assiniboia (Winnipeg)
Ottawa, Ontario
steven@stevenfletcher.com

Re: Canada Gazette, Vol. 140, No. 24, June 17, 2006 - Policy Direction to the Canadian Radio-television and Telecommunications Commission.

The government of Canada recently published a policy directive to the CRTC which is open for public comment until August 16, 2006.

The directive seeks to improve efficiency and competition within the telecommunications sector by emphasizing that the CRTC rely "on market forces to the maximum extent feasible." Unfortunately, some aspects of the directive may have the opposite effect by snuffing out the first real hints of competition the telecommunications industry has seen since its inception.

Dear Director General:

The Canadian Association of Voice Over IP Providers (CAVP), on behalf of its membership and in accordance with its by-laws welcomes this opportunity to comment on the government's recent policy directive to the CRTC.

For the purposes of this letter, both Incumbent Local Exchange Carriers (The Telcos) and Incumbent Cable Television Providers (The Cablecos) are referred to as incumbent last-mile providers since both are the only providers of last-mile cable and wiring in Canada.

The last-mile advantage

The ownership of last-mile cable and wiring is such a enormous competitive advantage that no significant competition exists for either local telephone service, or high-speed Internet access. The incumbent last-mile providers enjoy a duopoly on telecommunications and this duopoly is the direct result of their ownership of the last-mile infrastructure required to reach customers and to interconnect with other providers.

This infrastructure advantage means that to date, only last-mile solution providers have any significant foothold in the communications market and competition is nearly non-existent. The CRTC Telecommunications Monitoring Report from July 2006 shows that last-mile based providers hold 97% of retail High-speed Internet Subscribers and 99% of retail local phone service.

Network Neutrality

It is important that the government continue to recognize the competitive advantage that incumbent carriers enjoy with their ownership of last-mile cable and wiring and the infrastructure that supports it.

The CRTC must ensure that Canadians have access to a “network neutral” public Internet otherwise carriers will be free to use their last-mile advantage to block the emergence of competition.

Wholesale Services

The Telecommunications Review Panel findings raised concerns that CRTC mandated access to non-essential wholesale services was artificially slowing the emergence of true facilities-based competitors and, in recommendation 3-19, urged the phasing out of wholesale non-essential services.

This recommendation must be considered carefully alongside two other Review Panel recommendations; specifically Recommendation 3-21, the reclassification of what constitutes essential facilities; and policy directive (b) (iv), the mandating of technology neutral interconnection.

Access to wholesale services does not hinder the transition of resellers to facilities based carriers, but rather it is the high barriers for interconnection which prevents resellers from transitioning to become facilities based carriers.

Rules for Interconnection

The current CRTC obligations for CLECs (as outlined in CRTC Decision 97-8) specifies signaling technology requirements for interconnection. These requirements are specific to Incumbent Local Exchange Carriers (ILECs) and as such they contradict the CRTC's own policy that regulation should be *technology neutral*.

The CRTC decision to specify an ILEC interconnection regime prevents fulfillment of The Telecommunications Act's goals as stated in Section 7 (c); “to enhance the efficiency ... of Canadian telecommunications” and 7 (g) “to encourage innovation in the provision of telecommunications services.” The mandated use of ILEC technology prevents innovation by locking the industry to inefficient legacy technology.

Resellers who would like to transition to facilities based carriers are forced to buy expensive legacy technology in order to meet the CRTC mandated CLEC obligations. It is precisely for this reason that so few resellers have been able to transition to CLECs or become facilities based carriers.

If resellers were able to interconnect with incumbents using efficient signaling and interconnection technology, many more competitors would be able to enter the market and this would foster a vibrant competitive marketplace.

Conclusions

1. The CRTC must ensure a “Network Neutral” public Internet so customers may continue to have freedom of choice when selecting services that are delivered over the public Internet.
2. The CRTC must continue to foster competition by carefully balancing competitors access to wholesale services and the CRTC should continue the regulation of wholesale services until a comprehensive review of what constitutes **essential facilities** is complete.
3. The CRTC should be directed to rewrite Decision 97-8 so that interconnection specifications are **technology neutral** and remove CLEC obligations that do not apply when using alternative technology.
4. The CRTC should move swiftly to implement Telecommunication Review Panel Recommendation 3-30. “Resellers ... who choose to undertake all the obligations of a (CLEC) should have all the regulatory rights ... applicable to competitive local exchange carriers.”

Regards,

A handwritten signature in black ink, appearing to read 'John Lange', with a horizontal line extending to the right.

John Lange
President
Canadian Association of Voice Over IP Providers
1-866-940-2287
president@cavp.ca