



SOMERVILLE

March 29, 2019

Director General
Telecommunications and Internet Policy Branch,
Innovation, Science and Economic Development Canada,
235 Queen Street, 10th Floor, Ottawa, Ontario K1A 0H5

Attention: Sherri Giles, Manager Commodity Management

Re: March 9, 2019 notice *Canada Gazette*, Part I, Volume 153, Number 10: Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation

The Hon. Navdeep Bains,

We have concerns with the proposed policy direction that the government is taking. We are one of the largest telecommunication companies in the GTHA. Here are some of the ways the policy is not helpful to our industry:

The issue:

- The wording of the proposed order may seem reasonable but it actually represents a fundamental shift in federal Government policy that has several negative consequences for all Canadians.
- Of particular concern is the requirement that the CRTC encourage “all forms of competition”. Adopting this requirement means reversing a longstanding successful policy of promoting facilities-based competition.
 - Facilities-based competition refers to service providers who build their own networks and compete against each other on that basis.
 - The opposite of facilities-based competition is mandated resale competition where network owners are forced by regulation to make their networks available to competitors.

Negative consequences of the Order:

- Under the proposed order, network builders will be discouraged from upgrading or expanding their networks because they will have to share these enhancements with their competitors. This will have several negative consequences:
 - Decline in the quality of Canadian telecommunications networks and services over time; and
 - Investments will shift away from rural communities to urban centres (where resellers will target).
- The timing of the policy direction is particularly troublesome because:
 - Government and industry are poised to make large rural broadband investments, e.g., through the federal Government’s *Connect to Innovate* program and the CRTC’s Broadband Fund;

- Massive additional investments are needed in the next 5 years to build next generation (5G) wireless networks;
 - Fibre-to-the-home (FTTH) build-outs by Bell and others are only half complete;
 - Bell's wireless-to-the-home (WTTH) build-out, targeting underserved and rural areas, is ramping up; and
 - Regional competitors (e.g., Eastlink, Freedom, SaskTel, Videotron, Xplornet) remain highly vulnerable to resale competition.
- This impacts the broader ecosystem of suppliers and vendors of our sector because:
 - This policy directive puts at risk significant capital investments in digital infrastructure by major network service providers, at a time when our economy needs these investments the most - high-paying jobs in our sector are also at risk;
 - By slowing the pace or reducing the amount of network investment, there will be strong negative secondary impacts on suppliers to network service providers; and
 - Hundreds of millions of dollars of investment and spending on network equipment is in jeopardy.

Please consider our opinion in making the new policy direction. Thank you.

Sincerely,
Robert B. Somerville Co. Limited



Sean Bell, P.Eng, MBA
Vice President – Utility Division