700 MHz Spectrum: Maintaining a Dividend for the Canadian Public

A submission in response to:

Consultation on a Policy and Technical Framework for the700 MHz Band and Aspects Related to Commercial Mobile Spectrum

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Attention: Manager, Mobile Technology and Services, DGEPS,
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1. Telecommunities Canada (TC) is a national alliance of organizations and individuals committed to ensuring that all Canadians are able to participate in community-based communications and electronic information services. Together with like-minded groups, our goal is to connect theory, policy and practice in ways that expand and improve the ability of communities to design their own future in an on-line world.

Executive Summary:

2. Telecommunities Canada offers the following recommendations to this consultation:

    - **That all proceeds generated by the auction be used to support broadband initiatives that would bring Canada's communications infrastructure back up to world class standards, as well as support digital content creation and digital skills programs**

- **That a portion of the proceeds of the auction be used to establish digital skills training centres within reach of all Canadians.**

3. In addition, Telecommunities Canada wishes to express its support for the following recommendations made in the submissions contributed by the Canadian Media Guild (CMG) and the Canadian Association of Community Television Users and Stations (CACTUS)

    - **That 10 MHz (a pair of contiguous 5 MHz blocks) of the spectrum in the 700 MHz band be reserved for innovation by public and community entities.**

    - **That 20% of the spectrum available for auction be set aside for new telecommunications service providers and to carriers with less than 5% of current market share.**

    - **That usage-based criteria for the auction be established, so that would-be spectrum users must make both a business case that clearly demonstrates the public-service value of the services that will be offered with the spectrum, as well as meet a minimum dollar bid for that spectrum.**

    - **That lease terms be limited to 10 years.**

    - **That a use-it-or-lose-it clause be imposed**

Maintaining a Dividend for the Canadian Public

4. Section 7 of the Telecommunications Act clearly affirms the essential role telecommunications performs in the "maintenance of Canada's identity and sovereignty" and has, among its policy objectives:

    a. "to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;

b. to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; (…)
c. to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services;
d. to respond to the economic and social requirements of users of telecommunications services."

5. Section 3 of the *Broadcasting Act* places radio frequencies in the public domain and reaffirms the national identity and sovereignty roles articulated in the Telecommunications Act:

    a. "the Canadian broadcasting system … makes use of radio frequencies that are public property and provides, through its programming, a public service essential to the maintenance and enhancement of national identity and cultural sovereignty."

6. Increasing competition, empowering consumers, and improving telecommunications services is an ongoing challenge in Canada. We believe this can be achieved while still recognizing that radio frequencies are "public property" and that telecommunications services need to respond to the "economic and social requirements" of Canadians. We feel that the following recommendations will help address these issues in the context of the proposed spectrum auction without compromising the cited principles and objectives of the *Telecommunications Act* and the *Broadcasting Act*:

7. *TC Recommendation 1*: **That all proceeds generated by the auction be used to support broadband initiatives that would bring Canada's communications infrastructure back up to world class standards, as well as support digital content creation and digital skills programs**

8. Over the last few years, Canada has been gradually slipping down the international rankings of connectivity, cost and broadband speed. [1] But, modernizing a communications infrastructure is a costly undertaking. At the recent CRTC hearings reconsidering basic service obligations, telephone

companies estimated that it would cost $700-million per year for 10 years to bring high-speed internet to all Canadians including those who live in the country's most remote areas. "It's a task that can never be achieved by market forces alone, [MTS Allstream Inc] told the CRTC, in one of the first such estimates to be made for Canada." [2] Funds from the 700 MHz auction should be used to address deficiencies in broadband infrastructure, content and skills.

9. In this way, funds raised from the auctioning of public property in the communications sector can be repurposed to make sure Canadians in all jurisdictions have access to "reliable and affordable telecommunications services of high quality" as required in section 7 (b) of the Telecommunications Act.

10. *TC Recommendation 2:* **That a portion of the proceeds of the auction be used to establish digital skills training centres within reach of all Canadians.**

11. The recent Berkman Centre study noted that national programs providing access, education and support to ensure effective use of ICTs in communities are considered essential in countries like Korea that rank high in their use of on-line tools. Such programs are considered investments, both generating demand and building human capacity to meet that demand.[3]

12. The question of digital literacy was raised at the CRTC hearings on basic service. Concerns were expressed about the 25% of Canadians who do not subscribe to internet services even where they are available and questions were asked about the kinds of programs available to address that gap.[4]

13. Fortunately, Canada has a program to address this gap in the form of a national network of 3,500 community technology centers that help more than 100,000 people per day[5] to incorporate new technologies into their lives. Established in 1995 under the Industry Canada Community Access Program (CAP), these sites and their young facilitators, along with a legion of volunteers, provide job search and software training, technology literacy programs, access to community services, and cultural integration opportunities. They partner with the local private and public sector to provide services and experienced personnel in many different areas – from film editing to website building. Along the way, thousands of youth gain valuable job experience. Both internal and external evaluators have

agreed that this very cost-effective program has been a success story for years, [6] yet it is constantly starved for resources.[7]

14. Other community-based organizations are also engaged in digital skills training. These include multi-media digital access centres, independent community TV channels, film and video co-ops. All of these groups need more resources to continue the work of making communications tools fully accessible to all Canadians so that they can be full citizens in a digital society and participants in the new digital economy.

15. Investing in these digital skills programs responds to the economic and social requirements of users (Telecom Act, 7d) by boosting local economies. It encourages the use of technology for community development and offers collaborative tools that promote the effectiveness of the community sector.

16. Telecommunities Canada also takes this opportunity to support the following recommendations made by the Canadian Media Guild and the Canadian Association of Community Television Users and Stations (CACTUS):

    - **That 10 MHz (a pair of contiguous 5 MHz blocks) of the spectrum in the 700 MHz band be reserved for innovation by public and community entities.**

    - **That 20% of the spectrum available for auction be set aside for new telecommunications service providers and to carriers with less than 5% of current market share.**

    - **That usage-based criteria for the auction be established, so that would-be spectrum users must make both a business case that clearly demonstrates the public-service value of the services that will be offered with the spectrum, as well as meet a minimum dollar bid for that spectrum.**

    - **That lease terms be limited to 10 years.**

    - **That a use-it-or-lose-it clause be imposed.**

17. We thank you for the opportunity to offer our suggestions on the framework for the 700 MHz spectrum auction.

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[1] For current rankings see: Berkman Center for Internet and Society. (2009). *Next Generation Connectivity: A review of broadband Internet transitions and policy from around the world.* Harvard University, October (draft). p. 112.
http://www.fcc.gov/stage/pdf/Berkman_Center_Broadband_Study_13Oct09.pdf

[2] Marlow, Iain. (2010). "High speed internet for rural areas." *The Globe and Mail* Oct. 27.
http://www.theglobeandmail.com/news/technology/high-speed-internet-for-rural-areas-pegged-at-7-billion/article1774621/

[3] Berkman Center. (2009). http://www.fcc.gov/stage/pdf/Berkman_Center_Broadband_Study_13Oct09.pdf

[4] CRTC. (2010). "Transcript of proceedings.on obligation to serve and other matters." Discussion on adoption rates of new technologies between Commissioner Katz and Denis Henry appearing for Bell Aliant. Timmins, Ont. Vol. 1, Oct. 26. para. 640-654.
http://www.crtc.gc.ca/eng/transcripts/2010/tt1026.html

[5] This network was built under the Industry Canada Community Access Program (CAP) and its companion Youth Initiative Program (CAP-YI). *Telecommunications Policy Review Panel. (2006) Final Report. Chapter 8. Industry Canada. http://www.telecomreview.ca/epic/site/tprp-gecrt.nsf/en/rx00055e.html*

[6] See, for example: Ekos Research Associates. (2004). *Evaluation Study of the Community Access Program (CAP).* Industry Canada. Audit and Evaluation Branch, January 16. http://www.ic.gc.ca/epic/site/ic1.nsf/en/01420e.html and Coleman, Ronald. (2002). "Economic value of CAP sites as investments in social capital" and "Impact of CAP sites on volunteerism." GPI Atlantic. http://www.gpiatlantic.org/publications/abstracts/econvalue-cap-ab.htm

[7] Moll, Marita (2010). "Harper government pulls support from community access sites." http://www.maritamoll.ca/content/harper-government-pulls-support-community-access-sites;
Moll, Marita. (2010). "Community access one pillar of a digital economy."
http://www.maritamoll.ca/content/op-ed-community-access-one-pillar-digital-economy