

November 6, 2025

Marc Morin
Secretary General
Canadian Radio-television and
Telecommunications Commission
Gatineau, Quebec
K1A 0N2

By Online Intervention Comment Form

Dear Mr. Morin:

Re: Part 1 Application by Matawa First Nations Management (MFNM) – For the Implementation of a Retail Internet Subsidy for Remote Indigenous Communities

Introduction

1. The Canadian Telecommunications Association (CTA) appreciates the opportunity to provide its comments in response to the Part 1 Application filed by Matawa First Nations Management (MFNM) seeking the creation of a retail Internet subsidy for Indigenous and remote communities under subsection 46.5 of the Telecommunications Act. While this submission reflects the collective views of CTA, one member has elected not to take a position with respect to the issues raised in this proceeding.
2. The CTA recognizes and respects the ongoing efforts of MFNM and its partners to expand broadband access in northern Ontario and supports the shared national objectives of digital inclusion, reconciliation, and infrastructure development.
3. While CTA supports community-led broadband development, it does not support the MFNM's proposed regulatory remedy of expanding the Commission's retail Internet subsidy beyond the Far North. Further expanding the scope of the National Contribution Fund (NCF) to finance retail-level subsidies would represent a fundamental departure from its statutory purpose and from the Commission's own prior statements regarding how best to address gaps in affordability.

Statutory and Policy Context

4. Section 46.5 of the *Telecommunications Act* authorizes the Commission to establish contribution mechanisms for the purpose of ensuring that Canadians have access to telecommunications services. Historically, this authority has been

applied to support network access and infrastructure availability, not to finance ongoing consumer-level subsidies.

5. The Far North retail subsidy, established in Telecom Regulatory Policy 2025-9 and for which key details have yet to be established, was a limited, exceptional measure adopted after a comprehensive, evidence-based consultation on Telecommunications in the Far North that included extensive engagement with Indigenous groups, governments, and carriers. The Commission found that the Far North presented unique geographic and economic conditions that justified a narrowly tailored subsidy within the NCF.
6. In contrast, while MFNM's application presents contextual information, it does not yet provide the type of empirical record that the Commission required before approving the Far North measure. Community accounts, while important contextually, do not constitute an evidentiary basis for expanding an exceptional subsidy to other regions.

The Commission's Own Comments on Retail Subsidies and Affordability

7. The Commission has previously affirmed that the affordability of telecommunications services is a complex social-policy issue best addressed by governments through comprehensive income-support measures, rather than by the Commission through sector-specific subsidies.
8. As the Commission has previously stated: "While the Telecommunications Act gives the CRTC broad powers to regulate the provision of telecommunications services, other parties are likely better placed to implement targeted solutions to address the gaps in affordability. A comprehensive solution to affordability issues will require a multi-faceted approach, including the participation of other stakeholders."¹
9. The Commission further observed that: "Broadband access should be considered more holistically as part of the social safety net for vulnerable Canadians."²
10. These statements reflect a clear and longstanding policy position: governments, not the Commission, are best equipped to design and fund programs that make telecommunications services affordable for low-income households. This aligns with the CTA's view that affordability should be addressed through the broader social-safety-net framework, funded from general revenues, not through industry contribution mechanisms that raise prices for all Canadians.

¹ *CRTC Submission to the Government of Canada's Innovation Agenda*, December 21, 2016, page 22 (online): <https://crtc.gc.ca/eng/publications/reports/rp161221/rp161221.pdf>

² *Ibid*, page 8.

Fiscal and Economic Inefficiency of an Expanded NCF-Funded Subsidy

11. Based on the current framework, expanding the NCF to finance new retail subsidies would increase the financial contribution obligations of all telecommunications service providers, which are already very high, and ultimately flow back to consumers through higher retail prices across Canada. This effectively creates a ratepayer-funded transfer without parliamentary appropriation or public-budget accountability.
12. The NCF is not a source of new public funding; it is a closed, zero-sum redistribution mechanism. Each year, the Commission sets a mandatory contribution rate that telecommunications providers must remit based on their Canadian revenues. These funds are then redistributed to eligible recipients through the Broadband Fund and to help fund Video Relay Service (VRS). Every dollar paid out of the Fund must first be collected from others. The system, in aggregate, does not create new resources, it merely shifts costs within the telecommunications sector.
13. As a result, unless decided otherwise, any expansion of the Fund's obligations directly increases the contribution requirement for all providers, who in turn have no choice but to recover those costs through retail rates charged to subscribers nationwide, including lower-income subscribers. Any benefits to one group of users will result in cost implications for others. In this sense, the NCF is "zero-sum" with the cost burden simply migrating from one class of subscribers to another.
14. This structure is appropriate when the Fund is used for its intended purpose, supporting broadband development projects and VRS, because it ensures that the basic cost of these initiatives is shared across the industry in a limited, transparent manner. However, using the NCF to fund ongoing retail-price subsidies would fundamentally change its nature. It would convert a cost-recovery mechanism into a broad redistribution program, creating new inequities and unintended consequences.
15. MFNM's characterization of a \$32.4 million annual subsidy as a "very small cost" significantly understates the fiscal implications of its proposal. Such amount would account for over 20% of the Commission's Broadband Fund's \$150 million annual funding requirement.³ Over a five-year period it would amount to more than the capital funding MFNM has already received to construct its network infrastructure. Unlike one-time construction grants, a retail-price subsidy of this magnitude would recur every year, indefinitely, drawing continuously from the NCF. Such a perpetual obligation cannot reasonably be described as "small", would divert resources from the NCF's intended purpose, and would impose

³ Telecom Decision CRTC 2024-282

material and growing costs on the telecommunications sector and, ultimately, on Canadian subscribers nationwide.

16. Such an approach would be regressive, because all consumers, including lower-income subscribers in urban centres, would bear the cost of subsidizing retail rates for other groups. It would also circumvent the normal public-finance process by establishing an ongoing, quasi-fiscal transfer system without parliamentary oversight.
17. If governments determine that additional affordability support is warranted, the appropriate mechanism is a targeted, means-tested social-assistance program funded from general revenues, for example, through Indigenous Services Canada which already operates funding programs that address the social, housing, education, and health needs of First Nations, Inuit, and Métis people.⁴ Recent initiatives such as the Ontario government's October 2, 2025 announcement, "Ontario Expanding Internet Access to First Nations Libraries,"⁵ further illustrate how governments can address connectivity and affordability challenges directly through publicly funded programs. This approach ensures transparency, accountability, and alignment with reconciliation and digital-inclusion goals, without distorting retail pricing or imposing additional regulatory burdens on subscribers.
18. Public programs funded through the tax base are progressive, transparent, and accountable, and they allow affordability to be addressed as part of the broader social-safety-net framework, consistent with the Commission's own previous statements.
19. Expanding the retail subsidy framework beyond the Far North would also set a precedent that invites further applications from communities and groups across Canada seeking similar funding. Once the principle is extended beyond the unique circumstances of the Far North, it becomes difficult to draw consistent boundaries around eligibility or scope. The NCF would risk becoming an open-ended mechanism for financing localized affordability initiatives, far removed from its statutory purpose. Each new claim would further dilute the Fund's focus, compound administrative and fiscal pressures, and exacerbate the very redistribution and cost-shifting problems identified above. The Commission should therefore reaffirm that the Far North retail subsidy remains an exceptional measure, not a general model for addressing affordability challenges elsewhere.

⁴ Indigenous Services Canada - <https://www.sac-isc.gc.ca/eng/1591289631120/1591289804651>

⁵ <https://news.ontario.ca/en/release/1006558/ontario-expanding-internet-access-in-first-nations-libraries>

No Evidentiary Basis of Expanding Subsidy

20. MFNM’s application provides narrative descriptions of local economic and social conditions but does not include the empirical evidence necessary to justify extending a retail Internet subsidy beyond the Far North. The filing contains no data on retail prices, cost structures, or service-adoption trends, and therefore does not demonstrate that the existing market and the future MFNM-provided services will not deliver affordable service outcomes.
21. In Telecom Regulatory Policy 2025-9, the Commission grounded the Far North subsidy in a comprehensive evidentiary record. It examined detailed submissions from multiple parties before concluding that the Far North faced unique and exceptional circumstances that warranted a narrowly tailored subsidy. No such record exists here.
22. While expressions of need provide important context, they cannot replace the type of rigorous evidentiary foundation and comprehensive consultation that underpinned the Far North framework. The Commission is required to base its decisions on robust evidence and clear policy justification. Extending an exceptional measure designed for one region to others, without comparable evidentiary support, would risk creating inconsistent and uneven outcomes across the country.

Capital Funding Grants include Price Representations

23. Further, it is important to recognize that MFNM has already received more than \$130 million from various government programs to build its broadband network infrastructure.⁶ The purpose of such capital funding is precisely to make the construction and operation of networks in high-cost regions financially viable and to enable the delivery of affordable retail services once the networks are completed.
24. For example, the [Universal Broadband Fund Application guide](#) states “a condition of receiving funding is that successful applicants will be required to make available broadband service(s) at the price(s) specified in their proposal for a minimum of five (5) years from the project completion date.” A similar clause appeared in the Connect to Innovate Application guide⁷. The intent of these capital funding programs is to strengthen the business case for building broadband networks in higher-cost areas. Applicants outline their projected construction expenses, which are typically greater on a per-household basis than in urban

⁶ \$37.1M from Federal Connect to Innovate program ([October 2017](#))
 \$2.14M from Indigenous and Northern Affairs ([October 2017](#))
 \$30M from Ontario’s Broadband and Cellular Action Plan ([October 2019](#))
 \$62.7M from Federal Universal Broadband Fund and the Improving Connectivity for Ontario ([July 2021](#))

⁷ [lu64-53-2016-eng.pdf](#), page 14

markets and the associated revenue assumptions based on specific retail prices. Government funding is then structured to close the viability gap, ensuring the project can proceed and the services can be provided at the specified retail prices.

25. The economics of MFNM's serving area should therefore have been contemplated in its initial subsidy grants for constructing its network. This should have enabled competitive pricing for area residents. If there is a shortfall in funding or the circumstances have changed, MFNM should discuss the issue with the relevant funding or income support agencies to explore solutions. The Commission and the NCF are not the appropriate source of relief in this circumstance.

Conclusion

26. The record in this proceeding does not establish the evidentiary foundation necessary to justify extending the Commission's retail Internet subsidy framework beyond the Far North. MFNM's filing provides no cost studies, pricing data, or demonstrated evidence of market failure comparable to the comprehensive record that underpinned Telecom Regulatory Policy 2025-9.
27. However, the more important principle at stake is not merely evidentiary but institutional. Retail price subsidies are not, and should not become, a function of the NCF or the Commission's regulatory mandate. The Telecommunications Act authorizes the Commission to ensure the availability of telecommunications services, not to administer ongoing income transfer programs. Issues of affordability are inherently matters of social policy properly addressed by governments through transparent, means-tested programs funded from general revenues.

28. Recasting the NCF as a mechanism for consumer-level subsidies would transform it from an industry cost recovery framework into an unlegislated fiscal transfer system, imposing new burdens on all Canadian subscribers without parliamentary oversight. The Commission should reaffirm that affordability support for low-income Canadians, including those in Indigenous and remote communities, must be delivered through publicly funded government programs, not through cross-subsidies within the telecommunications sector. It should similarly confirm that the Far North retail subsidy remains an exceptional measure, not a general model for addressing affordability challenges elsewhere.

Yours truly,

A handwritten signature in cursive script that reads "Eric Smith".

Eric Smith
Senior Vice-President

cc: Tacit Law Regulatory (regulatory@tacitlaw.com)

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