

COMMUNITY ISSUES & SOCIAL PLANNING COMMITTEE

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

RE: AFFORDABLE LOCAL TELEPHONE SERVICE OPTIONS

RECOMMENDATIONS:

1. **THAT** Council forward the submission **attached** as Appendix 1 to the Canadian Radio-Television and Telecommunications Commission before 1996 May 27.
2. **THAT** copies of the submission be sent to Burnaby's two federal Members of Parliament, Svend Robinson and Paul Forseth.

REPORT

1.0 BACKGROUND

The Canadian Radio-Television and Telecommunications Commission (CRTC) is reviewing proposals from the telecommunications industry for new affordable local telephone service options. To give Canadians an opportunity to provide input on what constitutes affordable local telephone service, the CRTC is holding a public hearing commencing on 1996 May 27.

At its meeting of 1996 March 27, the Community Issues & Social Planning Committee considered a report on B.C. Tel's proposed affordable local telephone service option, Pathway. Pathway is an example of a local measured service, in which the customer pays on a per unit basis, whether the unit is a call or a segment of time.

The report to the Community Issues & Social Planning Committee expressed concerns about the impact of the proposed Pathway service on seniors, disabled persons, and others living on low incomes. The Committee requested that staff prepare, for Council's consideration, a submission to the CRTC outlining Burnaby's opposition to the approval of services based on the measured service concept. This report provides Council with background information on the submission, which is attached as Appendix 1. The report recommends that the Appendix be forwarded to the CRTC as Burnaby's position on the issue of affordable local telephone service.

2.0 B.C. TEL'S "PATHWAY" PROPOSAL

Pathway is based on the budget service concept, which provides for a stripped down version of local service at a lower price than regular service.

Pathway is a lower-priced alternative to regular local telephone service, which would continue to be available to subscribers. Pathway would cost \$4 less per month than regular local service and would include 30 free outgoing calls per month. Calls beyond 30 would be charged at \$.25 each (with a monthly cap of \$9 in place for 1997 only). Unused calls in any month would not be transferable to another month. Long-distance calls, as well as calls to directory assistance, repair, customer service, message relay service, 800/888 numbers and 911, would not be included in the 30 outgoing calls or charged \$.25. There would be no limits on incoming calls, no time limits on local calls, and subscribers would have access to all current local calling areas.

The Community Issues & Social Planning Committee's concerns with the proposed Pathway service focus mainly on two elements:

- 1) the precedent for local measured service
- 2) the 30 call limit (average of 1 call per day)

With regard to the introduction of local measured service, a national survey by Ekos Research Association reported that more than 85% of Canadians oppose a move away from flat rates for local calls. The Committee is concerned that approval of Pathway or other options based on the measured service concept will pave the way for general adoption of the concept in all local service offerings.

As for the 30 call limit, a recent national survey by Bell Canada indicated average daily telephone usage by low-income households was 7.1 calls. At that rate of usage, a Pathway subscriber would incur a monthly telephone bill almost \$46 higher than the current basic rate for regular local service. Cutting down on telephone usage is not a realistic option for low-income people. Single parents, seniors, persons with disabilities and other low-income groups rely even more than most Canadians on their telephones to connect them with the outside world (average daily number of calls for general public is 6.3). For the unemployed, the telephone is the most important tool in the search for jobs. For all of the above-noted groups, the telephone can be the main link to health care and emergency services, and to social programs and the community and family supports they need. Moreover, these low-income groups are generally less likely than other Canadians to have access to telephone service through the workplace.

3.0 CONCLUSION

The Community Issues & Social Planning Committee is opposed to the introduction of B.C. Tel's proposed Pathway service, or any other variation of a local measured telephone service. The Committee requests that Council support the Committee's position and inform the CRTC of Burnaby's opposition by submitting Appendix 1 of this report to the CRTC's public hearing on affordable local telephone service options by 1996 May 27.

Respectfully submitted,

Councillor C. Redman,
Chair

Councillor D. Johnson,
Vice-Chair



SUBMISSION TO
CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION
(CRTC)

RE: AFFORDABLE LOCAL TELEPHONE SERVICE OPTIONS

BACKGROUND: RATE REBALANCING

The CRTC's approval of three annual rate increases of \$2 per month for local telephone service has threatened the affordability of local telephone service for lower income Canadians. The increases were approved to offset the negative effect that advances in technology and increasing global competition are exerting on the profitability of long distance service. Although the CRTC has challenged the telecommunications industry to propose new affordable local telephone service options to address the affordability issue, the City of Burnaby has concerns about both the budget service and the subsidized service concepts that most of the proposals are based on.

CONCERNS WITH BUDGET SERVICE PROPOSALS

A budget service is a stripped down version of local service which costs less than regular local telephone service.

B.C. Tel is proposing to the CRTC a local service option based on the budget service concept. The program, called Pathway, is an example of a local measured service. With measured service, the customer pays on a per unit basis, whether the unit is a call or a segment of time.

Pathway is a lower-priced alternative to regular local telephone service, which would continue to be available to subscribers. Pathway would cost \$4 less per month than regular local service and would provide for 30 free outgoing calls per month. Calls beyond 30 would be charged at \$.25 each (with a monthly cap of \$9 in place for 1997 only). Unused calls in any month would not be transferable to another month. Long-distance calls, as well as calls to directory assistance, repair, customer service, message relay service, 800/888 numbers and 911, would not be included in the 30 outgoing calls or charged \$.25. There would be no limits on incoming calls, no time limits on local calls, and subscribers would have access to all current local calling areas.

The City of Burnaby's concerns with the proposed Pathway service focus mainly on two elements:

- 1) the precedent for local measured service
- 2) the 30 call limit (average of 1 call per day)

With regard to the introduction of local measured service, a national survey by Ekos Research Association reported that more than 85% of Canadians oppose a move away from flat rates for local calls. We are among those 85% of Canadians. We are concerned that approval of Pathway and other options based on measured service will pave the way for general adoption of the concept in all local service offerings.

As for the 30 call limit, a recent national survey by Bell Canada indicated average daily telephone use by low-income households was 7.1 calls. At that rate of usage, a Pathway subscriber would incur a monthly telephone bill almost \$46 higher than the current basic rate for regular local service.

Continuing to pay for regular local service will become less and less an option for low-income households as the remaining rate increases come into effect in 1997 and 1998. Nor is cutting down on telephone usage a realistic option for low-income people. Single parents, seniors, persons with disabilities and other low-income groups rely even more than most Canadians on their telephones to connect them with the outside world (average daily number of calls for general public is 6.3). For the unemployed, the telephone is the most important tool in the search for jobs. For all of the above-noted groups, the telephone can be the main link to health care and emergency services, and to social programs and the community and family supports they need. Moreover, these low-income groups are generally less likely than other Canadians to have access to telephone service through the workplace.

CONCERNS WITH SUBSIDIZED SERVICE PROPOSALS

A subsidized service is a universal regular local telephone service which is subsidized for low-income households.

While we consider a well-designed subsidized service option to be more palatable than local service options based on measured service, we have concerns about the subsidized concept. Those concerns focus on the precedent the concept sets for a two-tiered system, with one set of rates for low-income Canadians and another for everyone else. Such a system can result in social stigma and poor self-image for low-income households.

CONCLUSION

The City of Burnaby is home to about 160,000 people. According to the 1991 Census, about 23% (or 14,500) of households in Burnaby, representing over 36,000 people, were living below Statistics Canada's "low-income cutoff". As unemployment rates rise, social support services dwindle, and tuition fees for training and higher education increase, lower-income people face a harder struggle. The imposition of higher telephone service rates, new programs which limit people's access to telephone service, or new services which single people out for special "income-based" attention simply adds to the burden already shouldered by low-income people.

The City of Burnaby regrets the CRTC's approval for three annual rate increases of \$2 per month for local telephone service. While we applaud the CRTC for requesting the industry to develop affordable local service options to address the consequences for low-income Canadians, we do not support options based on either the budget service concept or the subsidized service option.

The City of Burnaby strongly urges the CRTC to reject all local telephone service options based on the measured service concept. This would include B.C. Tel's proposed Pathway service. We also urge the CRTC to direct the telecommunications industry to develop, for the CRTC's consideration, alternative service options which are not based on either the measured service or subsidized service concept.