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Backgrounder: \$50 Broadband Benefit – How it Could Work in Canada

12 January 2021

Introduction

This backgrounder is meant to explain the demand made by ACORN Canada (ACORN), the National Pensioners Federation (NPF) and the Public Interest Advocacy Centre (PIAC) for a \$50 credit towards the Internet service bills of all needy Canadians (“Canada Broadband Benefit”) during the ongoing COVID-19 pandemic.

Below we discuss the U.S. \$50 broadband service benefit upon which this proposal for Canada is based; differences between the U.S. and Canadian telecommunications regulatory and industry make-up that require the Canadian benefit to be slightly different; eligibility of Canadians for the benefit; term of the benefit; administration of the benefit; possible additions to the benefit.

We expect the Canada Broadband Benefit to be supported by the Minister of Industry, Science and Innovation and his department, Innovation Science and Economic Development (ISED) and supported and administered by the Canadian Radio-television and Telecommunications Commission and accepted and implemented by the Internet Service providers (“ISPs”).

U.S. Broadband Benefit – “Emergency Broadband Connectivity Fund”

The aim of the U.S. benefit “is to connect low-income households, especially households with school-aged children, to broadband networks at affordable rates. Broadband providers will be reimbursed up to \$50/month per low-income household it serves (\$75/month if the household is on Tribal land). The providers can also be reimbursed up to \$100 for providing the household with a connected device (desktop, laptop, or tablet computer) if the household contributes \$10-\$50 for the device. (Households are only eligible for one device.)”¹

The U.S. Emergency Broadband Connectivity Fund (EBCF) is time-limited, and starts soon after the FCC finishes a short proceeding to work out administrative details.² However, it will extend six months after the COVID emergency ends. The Emergency Broadband Connectivity Fund is separate from the FCC's “Universal Service Fund” and other existing programs for rural broadband; schools access; libraries; and rural healthcare facilities; and the existing “Lifeline” low-income support program. In other words, this is additional money on top of existing affordability and accessibility funds, designed specifically to relieve the burden of Internet bills during a period when lower-income Americans are financially threatened due to secondary economic effects of COVID-19 and its management.

The Emergency Broadband Connectivity Fund does, however, leverage the administrative mechanisms to determine eligibility of participants in the program by using, in part, eligibility to Lifeline and other FCC funds as one method to qualify applicants under this new fund.

Notably, the EBCF in the U.S. does **widen** eligibility to households that would not have qualified under the FCC’s existing programs by allowing those persons having become unemployed during the pandemic or experienced a large loss of income to be eligible. In addition, the EBCF allows individual broadband providers with existing voluntary COVID-19 relief programs to make those participants in company programs eligible for the EBCF.

It is notable that the CRTC could not immediately use existing affordability programs as a base for a COVID-19 broadband benefit in Canada, as the CRTC has consistently refused to create a Lifeline-like affordability subsidy for low-income Canadians, despite pleas by PIAC, ACORN and NPF to create one, in several proceedings before the CRTC. As a result, in Canada, an additional

¹ Benton Institute for Broadband & Society, “Creating (Finally) an Emergency Broadband Benefit” (January 5, 2021). Online: <https://www.benton.org/blog/creating-finally-emergency-broadband-benefit>

² See FCC, “FCC Seeks Comment on New Emergency Broadband Benefit Program” (4 January 2021) Online: <https://www.fcc.gov/document/wcb-seeks-comment-emergency-broadband-connectivity-fund-assistance> . Full text of consultation at: <https://docs.fcc.gov/public/attachments/DA-21-6A1.pdf>

effort would be needed to define eligibility categories and create administrative processes for verifying that eligibility. There are some company-specific voluntary COVID relief programs that could, however, be leveraged by those carriers in Canada. Lastly, the federal government's existing "Connecting Families" program could be used to immediately benefit those persons already qualifying for that program.

Eligibility for a Canadian Broadband Benefit

The CBB should be extended to all "low-income Canadians"; "fixed-income seniors" and those "Canadians with job or income loss due to COVID-19".

First defining "low-income Canadians":

- "low-income Canadians" – means those persons with household income below the Low-Income Cut-Off (After Tax) (LICO-AT) (a variable measure based on household size and location). In a major city a four person household has a LICO-AT cut-off at about \$40,000;

Second, defining "fixed-income seniors":

- persons aged 65 or older whose annual income is 50% or less than the Old Age Security (OAS) clawback amount (roughly \$40,000);

Third, defining "Canadians with job or income loss due to COVID-19":

- persons suffering COVID-19-related job or income loss that would have entitled them to the Canada Emergency Response Benefit (CERB).

Term of the Canada Broadband Benefit

ACORN, NPF and PIAC made a plea in April 2020 for relief from extra charges for broadband overage and from disconnections, as Canadians were suddenly forced online for work, school, accessing government services and social interaction.³ We also requested that the federal government work through the ISED Ministry to ensure the CRTC created, along with Internet service providers (ISPs), reduced-price broadband for low-income Canadians and seniors on fixed incomes.

³ See ACORN, NPF & PIAC, Media Release: "Canadian Consumers Demand Internet, Wireless COVID-19 Relief" (7 April 2020). Online: <https://www.piac.ca/our-specialities/canadian-consumers-demand-internet-wireless-covid-19-relief/> See also PIAC, ACORN, NPF, "Consumer Internet and Wireless Demands Due to COVID-19 Pandemic" (7 April 2020). Online: <https://www.piac.ca/wp-content/uploads/2020/04/Consumer-Telecom-Demands-FINAL.pdf>

ISPs voluntarily offered waiver of overage fees and suspension of disconnections, along with other minor benefits, which the CRTC did not formalize; as a result, all ISP dropped these accommodations by July 2020. The CRTC did not seek to compel any other benefits.

Therefore, ACORN, NPF and PIAC propose that the Canada Broadband Benefit be instituted as soon as possible and backdated to 1 January 2021, and run to six months after the official declarations of pandemic emergency have been revoked, in part to make up for full ISP pricing for those months from July to December, during the pandemic. We note that the U.S. broadband benefit likewise runs to 6 months *after* the pandemic.

Administration of the Benefit

In the U.S., several programs for broadband affordability and access exist which can be quickly leveraged to set up the administrative process of determining eligibility and verifying participants. AS noted above, Canada has none of this infrastructure, as the CRTC has consistently refused to create a telecommunications affordability subsidy in Canada.

Nonetheless, as noted, the federal government's "Connecting Families" program relies on receipt of the Canada Child Benefit and other factors. It could be used immediately to benefit those families with the \$50 benefit. Likewise, certain ISPs in Canada such as TELUS and Rogers have low-income targeted Internet programs that could serve as immediately eligibility systems for their participants and those already on these programs' waiting lists.

There are other provincial level programs that could identify likely candidates were the federal government willing to accept, for example in Ontario, proof of Ontario Works or disability benefits.

This would still not cover all applicants. Therefore, an eligibility system based on the CERB and its criteria, could be re-used for eligibility for this program for those persons experiencing COVID-related job or income loss and possibly extended to those low-income Canadians not so covered by permitting access, with strict privacy controls, to a system link to CRA income tax filings, to confirm low income status. Finally, fixed income seniors would have to show their OAS benefit status; presumably the federal government could confirm this more easily due to its OAS records and could use OA administration and facilities to help.

Lastly, the CRTC should be tasked with coordinating ancillary issues and play a coordinating and leadership role, as the FCC is doing in the U.S. An expedited hearing on the Canada Broadband Benefit should be urgently called and completed with a hard deadline of 60 days.

Possible Additions to the Benefit

In the U.S., eligible Americans can receive a subsidized Internet access device (tablet, phone, computer, etc.) from a private third party at up to US\$ 100, if they contribute \$10 - \$50 themselves. While a this hardware access may be a positive add-on to the proposed Canada

Broadband Benefit, ACORN, PIAC and NPF are concerned that the logistics of such a supplementary program may delay the main broadband benefit and that the provision of devices may lead to problems linked to billing for the devices. If undertaken, this expansion could happen, with conditions to protect consumers from financial penalties or debts for such devices, in a second phase of the CBB.

Who Pays and How Much Would it Cost

This would be a federal government benefit. Therefore, it would be “paid” by taxes on Canadians, like the CERB or CEWS. The CERB has cost over \$70 billion. This program would likely cost much less, all while potentially reaching a similar sized pool of those with lost income or lost jobs, as well as the addition of low-income Canadians (about 20% of Canadian households); and potentially millions of seniors. The benefit, at \$50, is lower than CERB, however, it is unknown how many more months of COVID-19 emergency will continue. The U.S. Emergency Broadband Connectivity Fund has been funded to \$US 3.2 billion for 2021; presumably the Canada Broadband Fund could be costed provisioned at a similar or lesser amount for 2021 at least.

Another objection would also be that taxpayers were subsidizing the ISPs, who are generally not losing money on their Internet services during the pandemic (some larger ISPs are also broadcasters, which have been losing money). While this is true, the benefit is to the vulnerable consumers we are seeking to protect. Ideally, ISPs would contribute an amount to this program; we leave any suggestion of that to the government, as participation by all ISPs in the least time possible is key to the success of the program.

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