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# Standing Committee on Industry, Science and Technology

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**Tuesday, February 27, 2007**

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**Chair**

**Mr. James Rajotte**

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## Standing Committee on Industry, Science and Technology

Tuesday, February 27, 2007

• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** We will call the 48th meeting of the Standing Committee on Industry, Science and Technology to order.

Pursuant to Standing Order 108(2), we are here today continuing our study on the deregulation of the telecommunications sector.

We have three sessions—two half-hour ones and an hour session to finish up.

Members, we do have to be in the House by 5:45, so we will do our best to keep everything on time.

Our first witness today—for half an hour—is from SaskTel, Mr. John Meldrum, vice-president, corporate counsel and regulatory affairs.

Since we are limited in time, Mr. Meldrum, let's go right to your opening statement of up to five minutes, and then we will go to questions from members.

Welcome.

**Mr. John Meldrum (Vice-President, Corporate Counsel and Regulatory Affairs, SaskTel):** Thank you for the opportunity to reappear before the committee.

Today, I would like to focus on three areas that have come to dominate the committee's deliberations.

First, we would like to provide our views on how competition is unfolding in rural Saskatchewan.

The cable companies who have appeared before you would have you believe that if they don't provide local competition, there will be no other alternatives available to consumers. They argue that if you want local competition in rural areas, the CRTC decision can't be changed.

Unfortunately, this view is completely unfounded and self-serving. For example, they ignore cellular service. Cellular substitution is growing each and every day. Increasingly, people across the country are using cellular service as their only voice service. This is especially the case among younger people and those of lower socio-economic backgrounds. Even in Saskatchewan it will hit 5% this year.

Moreover, complete telephone number portability is scheduled to be in place March 14. This will allow any number to be ported to any other service or service provider. In other words, a rural customer

will be able to take SaskTel's wireline telephone service, disconnect it, and have that number transferred to their Rogers or Telus cellular phone.

I cannot emphasize this next point enough: the key to competition in the future, particularly in rural areas, will be access to high-speed Internet. In Saskatchewan, SaskTel covers 85% of the population with high-speed Internet service. Small towns and villages have high-speed Internet, which gives them access to myriad VoIP providers, such as Vonage and Skype.

More importantly, many Saskatchewan residents and businesses don't have to rely solely on SaskTel for their broadband access; there are cable alternatives. But equally important are the growing number of wireless high-speed providers. For these companies, and others, the new wireless technologies are providing opportunities to compete cost-effectively, opportunities that were not possible in the past. In Saskatchewan, for example, there is a company called Yourlink, which has entered into a strategic alliance with the Saskatchewan Wheat Pool to put high-speed wireless on their cement grain elevators. They have a large number of coverage areas, and as part of their high-speed offering they also have VoIP service.

So while the cable companies may think they are the be-all and end-all, they are just one of many competitive alternatives, even in rural Saskatchewan.

The second point I would like to respond to is the assertion that rural residents will face higher prices and inferior service if the local forbearance decision is overruled. In Saskatchewan, deregulated markets have simply not translated into rural residents lagging behind their urban cousins. In the case of long distance, all Saskatchewan residents have benefited from a number of competitive alternatives, resulting in rate reductions and innovative calling plans. And neither have we distinguished between urban and rural customers in our cellular service; all of our calling plans are available everywhere, without any restriction based on where you live. We are not aware either of any of our cellular competitors differentiating between rural and urban customers.

Put simply, Saskatchewan rural areas have benefited from urban competition in a deregulated marketplace. And I would note for the committee that we have committed to retaining the lowest rural rates in the country.

Finally, there has been much discussion before the committee about the competitive landscape and the impact of regulation on various industry players. For SaskTel, the fundamental issue is a level playing field.

In my handout is a snapshot of the incumbent cable companies' regulatory framework as compared with what we face. The differences are so stark, you'd think that cable and telecommunications had two different regulators. But just to zero in on the issue of win-backs, all limitations for the cable industry have been eliminated, except for multi-unit dwellings. While there aren't a lot of tall buildings in rural Saskatchewan in the first place, those restrictions only apply to Shaw in Saskatchewan. And while various cable companies have warned the committee that we will win back customers before their phone service is even installed, taking such a course of action is clearly prohibited by the CRTC.

Cable companies, on the other hand, are not under any of these restrictions, and as soon as they receive a call from a prospective lost customer, they can and do win them back with very lucrative offers before our television service is installed. Do we like it? No, but that's what competition is all about.

In closing, the telecom policy review panel recommended major regulatory reform in Canada: reliance on market forces; letting consumers determine the winners and losers; and assuring fairness among competitors. In our respectful opinion, all of the reform initiatives embarked upon to date are consistent with those fundamental principles.

•(1535)

I'll be pleased to answer your questions to the best of my ability.

**The Chair:** Thank you very much, Mr. Meldrum.

We'll go immediately to questions, starting with Mr. McTeague for six minutes.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Meldrum, thank you for being here. I'm sorry you weren't able to be here before. We understand the difficulties with the weather.

I don't have the benefit of all the pages of your report. I do, however, recall your original presentation, and you've had the benefit of responding to at least one complainant here. As far as what this would mean is concerned, I'm interested in how you would see the competition landscape in an area such as Regina, where you've clearly had a very long-standing advantage over virtually everybody, including cable. But recognizing that you, at this point, as a crown....

You're no longer a crown corporation, are you?

**Mr. John Meldrum:** We're still a crown corporation.

**Hon. Dan McTeague:** Interesting.

With the current monopoly you have in some regions, some of the urban centres—and I notice you've gone to rural—with 100% market share, I'm interested in seeing how it's possible, under this current proposal of deregulating immediately without any due regard for any degree of forbearance, not to see the concerns of those who are complaining about the tremendous advantage your company has to begin with.

**Mr. John Meldrum:** Certainly the first comment I would make is that being forborne is not automatic. It doesn't occur on day one. You have to actually apply to the commission. The commission will have some sort of a proceeding to determine whether or not to forbear in that particular jurisdiction, and I think it's expected that it could take between four and six months.

In the case of Saskatoon, where the competitor has been offering service for a much longer period of time, they are approaching 5% of the market in terms of loss over the last three months. They're making decent headway, I would say, with very competitive offers in the marketplace.

In the case of Regina, where you asked about Access Communications, they just recently announced that within the last month they are actively advertising, selling, and marketing, and we have no reason to believe they won't experience the same kinds of success that Shaw has experienced.

**Hon. Dan McTeague:** I'm troubled by what you say, because you're saying that in four months—in effect, the time it takes for a decision on forbearance to actually take place—someone is going to be able to sink a number of dollars into this and equate what you've had for virtually a hundred years. Do you not think that's an unfair advantage you have?

I can well understand that this decision by the minister, which is in fact cherry-picking of the TPR report, which you alluded to....

We'd like to see the entire report implemented. Would you have a problem with that, before the order of forbearance?

**Mr. John Meldrum:** I would have a problem with that. The length of time it would take to implement the entire report would I think be counted in a matter of years as opposed to a matter of months. I think the current state of affairs in terms of forbearance and the decision of the CRTC is such that there is a need for the Government of Canada to act.

**Hon. Dan McTeague:** Let me shift gears. You've mentioned two other things.

Your first point is that you saw cellular phones as an alternative to...and you cited 5%. I would argue that that is not an alternative, and I suspect that the other 95%, many of whom might have cellphones, are using both, not the same.... So there's complementarity as opposed to substitution, which is an important rule that has clearly been thrown out by this particular decision, but I'm not surprised.

On your second point, as to the question of rolling out in rural areas—the question of essential facilities—as you know, the proceedings have not been completed, as they relate to DSL and Ethernet tariffs. Wouldn't it be better, in your view, to be consistent on the policy direction, to wait for the final decision before proceeding with forbearance, before this important study, this important order, takes place? It sounds like we're putting the cart before the horse, and you're advocating that, I take it.

•(1540)

**Mr. John Meldrum:** In terms of the first question, the 5% number is total substitution. Those are people who do not have land lines, people who've decided that a wireless phone, a cellular, fulfills all their needs and they abandon their land line completely. As my son would say, "My house doesn't need a phone; I need a phone." So he has not had telephone service installed in his house.

In terms of the essential facilities proceedings, again, we're some months away from a decision in that respect. The forbearance appeal is before the federal cabinet. A number of appellants have made their appeals to the federal cabinet, and we're hopeful that the federal cabinet will rule one way or another on those appeals.

**Hon. Dan McTeague:** Are your wireless rates the same as everyone else?

I take it SaskTel does not have a wireless company, does it?

**Mr. John Meldrum:** Yes, we do. We provide wireless service.

**Hon. Dan McTeague:** So you're in the business of wireless. Are your rates more competitive than the other wireless companies?

**Mr. John Meldrum:** We have a very competitive cellular marketplace in Saskatchewan. We do have the lion's share of the market, which means that the competitors can launch plans in Saskatchewan without regard for their base of customers.

Over the Christmas period, Telus had a \$15 plan in the Saskatchewan market. Today, in terms of Rogers, their Fido brand has a \$20 offer in the marketplace. So we see some very competitive rates and services in the cellular market in Saskatchewan, perhaps even more so than in other areas of the country.

**Hon. Dan McTeague:** Chair, I'll be interested to hear from the Conservatives how they rectify crown corporations competing directly with the private sector. I'll leave that to them in just a few minutes.

Thank you, Chair.

Thank you, Mr. Meldrum.

**The Chair:** Thank you, Mr. McTeague.

I'll go now to Monsieur Crête.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Thank you, Mr. Chairman.

Sir, you state in your brief that there is no distinction between urban and rural customers, that there is strong competition, including for cellular service.

I do not know if this is due to topographical features but in Quebec and the Maritimes the quality of cellular service in rural areas is not at all at the same level as in urban areas.

In my riding, whenever I go downhill I lose the signal and I find it again when I reach the top of the hill on the other side.

Have you been able to solve that problem in your area?

[*English*]

**Mr. John Meldrum:** Yes, in Saskatchewan we do have the advantage of being flat.

**The Chair:** That's just southern Saskatchewan.

[*Translation*]

**Mr. Paul Crête:** It sounds like a joke but it is not. In Quebec, at least, we need much more sophisticated equipment. For example, we decided to request bids from five companies in order to provide cellular service in the Témiscouata area. All five companies

answered that it would be too costly. Furthermore, with the deregulation proposed by the minister, I believe companies will be even less interested in serving us because it will be a race for the most profitable business.

So as long as satellite phone service will not be easily accessible in these communities, these people, these small transport companies, will be faced with a major problem.

Do you believe geography alone allowed you to solve this problem? Do you think there might be some other problem? Is it because of faulty management practices that we are unable to achieve the same results as you?

• (1545)

[*English*]

**Mr. John Meldrum:** I think it would be both.

I didn't intend to be facetious, either, in terms of the fact that Saskatchewan is flat, but it does give you much better coverage when you don't have deep valleys, and in some cases, the trees tend to soak up the signal. Again, southern Saskatchewan doesn't have a lot of trees. So geography certainly has been part and parcel.

Again, perhaps it comes back to our crown corporation status that we do focus on public policy initiatives. One of our initiatives has been to expand cellular service deep into rural areas. We cover 95% of the population with cellular, and we have spent tens of millions of dollars making those investments to improve coverage. Even today there are people who will say there are gaps and holes. We have further expansion plans under way for this year. We will be putting in another 30 to 50 towers to provide service to the people out there.

[*Translation*]

**Mr. Paul Crête:** You recognize there are areas in Quebec where cellular service cannot compete because it would take a huge infrastructure in order to serve that market. Therefore, thousands of people in some areas are reliant on land lines or satellite phones, which are very costly.

Cellular technology will not be available unless somebody builds towers. But no one will make such an investment if natural competitive forces rule.

Do you agree that conditions in some areas may require different practices? So if we rush into total deregulation, do you agree this could give rise to major problems?

[*English*]

**Mr. John Meldrum:** Yes, for sure. The differences among the regions are substantial, and that's one of the things we face with the CRTC all the time. We end up with one-size-fits-all and it ends up not fitting anybody, or certainly it doesn't end up fitting Saskatchewan. So I would agree that certainly to the extent to which the CRTC and the Government of Canada can yet add the issue of the regions and the differences that exist, all power to them.

[*Translation*]

**Mr. Paul Crête:** I have the feeling that now that the minister has placed our hand in the grinder our whole body is getting dragged in.

If we accept the fact that there is a proposal to deregulate the local telephone service and another to increase the fines administered by the Competition Bureau, which is the purpose of Bill C-41... This is from the big report. Those are two of the steps and you say they are going in the right direction.

In your view, is it possible to take those steps without being concerned that the other measures will not follow? Last week, the minister told us he had prepared no legislation to amend the act. So it is very possible that we will make a few changes to the local service directive, if it ever happens, and that the rest will be delayed forever.

Do you not think it is dangerous to go ahead with these two steps only and to leave the rest up in the air? Is it essential to have the other part, the reform of the Telecommunications Act?

[English]

**Mr. John Meldrum:** We certainly will continue to be supportive of the federal government moving on all of the TPR recommendations. To hold off any meaningful reform until legislation gets passed through the House, or the new competition tribunal gets set up, to me is so far off into the future as to continue to really not be appropriate and do the status quo.

[Translation]

**The Chair:** Thank you.

Thank you, Mr. Crête.

[English]

Now to Mr. Carrie, please.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you very much, Mr. Chair.

Thank you very much for coming today. I enjoyed the presentation last time and I enjoyed your presentation today. I do want to clarify something, though, because we keep on hearing from the opposition that the government and the minister are cherry-picking from the panel's recommendations.

I'd like to refer the opposition to the executive summary on page 13. I'd like to read the paragraph. It says:

The Panel suggests that the government should implement its recommendations in two phases:

In the first phase, the government should issue policy statements endorsing the development of a national ICT adoption strategy as well as the implementation of a new regulatory framework, and take steps to reform the policy-making and regulatory institutions. In addition, it would use its powers under the Telecommunications Act to issue a policy direction to the CRTC to interpret the policy objectives of the Act in a manner that is broadly consistent with major reforms recommended in the Panel's report.

During the second phase, recommendations requiring changes to existing legislation should be implemented.

In other words, we have the panel recommending that the government take this exact action, which the government is taking right now.

I was wondering, on the record, if you could describe this in any way, that the government is cherry-picking from the panel's recommendations. Or are we simply implementing the recommendations of the panel, the panel that was formed by the previous Liberal government, to move this forward?

• (1550)

**Mr. John Meldrum:** I'd say the Government of Canada is in the process of implementing those recommendations that can be easily implemented. I think that was something the Telecommunications Policy Review Panel struggled with, as to how to actually begin to move the yardsticks in terms of regulatory reform. I think when Mr. Intven was here he indicated that certainly the direction of the Government of Canada was consistent with the report.

**Mr. Colin Carrie:** So, in other words, it's not cherry-picking; it's doing exactly what the panel recommended. Right?

**Mr. John Meldrum:** For sure. I wouldn't agree that it's cherry-picking at all.

**Mr. Colin Carrie:** All right. Thank you very much.

In your last presentation you mentioned that SaskTel is also involved internationally. There are different parts of the world where we're trying to seek out new business for our telecom industry. So far you've been fairly successful in working that way. What would happen if the government decided to drag its feet on these recommendations instead and waited perhaps a couple of years before modernizing the regulatory framework for the industry? What do you think would happen to your company internationally, with your ability to compete, and with the industry as a whole?

**Mr. John Meldrum:** Certainly the notion that we have to lose 25% market share before we can fully compete is extremely problematic for us as a smaller company.

Today, the economics work for SaskTel as a crown corporation; we're able to provide high levels of service to the most sparsely populated province in Canada. To save this, we have to give up 25% of our core market and yet still continue to fulfill all those policy goals of getting high-speed to the hinterlands and cell service to all the unserved areas. I'm not sure the economics will necessarily hang together for SaskTel just within the province of Saskatchewan.

In terms of going outside of the province, we still have an international division. Again it depends upon the resources from the phone company. The extent to which we continue to be squeezed economically will limit our opportunity to provide international services and continue on the path of innovation, which our company has been known for over the decades.

**Mr. Colin Carrie:** Do you know of any other countries out there that have regulations such as ours, with this 25% rule?

**Mr. John Meldrum:** We competed in New Zealand in the 1990s. We had a cable partner in Wellington, and we went in and competed against Telecom New Zealand. There wasn't even a regulator in place when we first went in; there was only the threat of regulation.

We were able to negotiate agreements with Telecom New Zealand, and we built and operated a telecommunications system in Wellington. We did it successfully, and when we sold out, we made money on the venture.

Interestingly, in that case, we had to build from scratch, as opposed to the operators. When they turned on, they covered the entire serving area. In Wellington, we had to build from scratch, and we were faced with Telecom New Zealand changing their prices on a street-by-street basis. We still managed to be successful.

**Mr. Colin Carrie:** Do you know of any other country in the world that has a 90-day win-back rule?

**Mr. John Meldrum:** Not 90 days. I believe other witnesses talked about a few of the states having sort of a 12- or 13-day period of time, in terms of no win-backs. I'm not aware of any others.

We view the win-back restrictions as being anti-consumer, in terms of our experience with our marketplace.

**Mr. Colin Carrie:** In your opinion, if the government doesn't move forward as recommended by the Liberal-appointed panel, how is that going to negatively affect your company and business?

**Mr. John Meldrum:** We'll certainly soldier on, really competing with one arm behind our backs.

Unless the current forbearance decision is changed dramatically by the CRTC, over the course of the next six to twelve months we don't expect to ever be able to apply for forbearance. One of the issues is the quality of service requirements on the competitors. The way they put it together, it doesn't work.

• (1555)

**The Chair:** Thank you, Mr. Carrie.

We'll go to Mr. Masse.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Thank you for appearing before us again.

With regard to your presentation, I was interested to see 85% of the population with high-speed Internet service. How does that compare to other provinces and maybe even states around you? I'd be interested to know how you compare to those around you.

**Mr. John Meldrum:** Eighty-five percent is not that large a number, but because 42% of our customers are in high-cost rural and remote areas, it's very good. If all you were serving were the urban areas, then you could get 58% of the marketplace pretty easily, but that other 42% would be quite challenging, in terms of being able to provide high-speed to those locations.

We've done very well in rural Saskatchewan. We pioneered fibre optics in this country, and we have continued to use that infrastructure to expand and provide high-speed to locations that most provinces wouldn't think would ever be covered—villages of 200 people, farms, and various places such as that.

**Mr. Brian Masse:** You mentioned that this is because of public policy and the political will to implement programs or initiatives. What have you done in the public policy format to get this to people, to provide high-quality service?

**Mr. John Meldrum:** The government has had two programs: CommunityNet Phase 1 and CommunityNet Phase 2. Essentially these involved us entering into a five-year agreement to provide high-speed to schools, health facilities, and other government offices in all of the small towns.

That contract gave us enough revenue to then be able to expand the broadband. Once we got base broadband into the particular location, then we were able to offer it to the citizens and businesses in the area.

**Mr. Brian Masse:** And that public policy comes from the provincial government, obviously.

**Mr. John Meldrum:** It does. There was some involvement with the federal government, a small amount of money.

The second aspect of that program has involved some wireless high-speed, and that's when you start to get to the farms. In that case, SaskTel ate 100% of the \$34 million that went into that program.

**Mr. Brian Masse:** Okay. This is the trouble I'm having right now with the way we're going. The public policy aspect is one that's very important. You can call it what you want, cherry-picking, being selective of the easiest things to do, things they agree with and don't agree with, whatever it might be. The telecom review policy was set up after we had a review in 2002 and we didn't have legislation brought forward by the previous government. It has already been a year and we haven't seen any legislation from this minister. He's had that report completed and we haven't seen legislation. My concern right now is as we go through this process there's a vacuum of public policy.

It's a telecom review policy initiated by a previous minister who crossed the floor to the current government, which set up his expert panel that he cherry-picked himself. There are a series of recommendations, over 100 of them, and now the current minister, whom he now sits with, is selecting from that process.

I understand your concerns about no reform happening quickly enough, but at the same time, wouldn't it make sense for all the players, especially given that this industry has been very successful in Canada compared to the United States...that we actually have a legislative policy at the end of the day to framework this, as opposed to having one person doing orders in council at his own discretion?

**Mr. John Meldrum:** It would certainly be nice if all the parties could get together and draft a new Telecommunications Act over a period of months, but from my experience in the industry, it'll be a long period of time before something like that happens.

**Mr. Brian Masse:** It is frustrating, but we have to go back. This is the thing. Overturning CRTC decisions and a series of different measures like that have made for a rocky start. That's why I think it's important that we have some perspective about where these recommendations come from. They're not from a public policy perspective; they're from a political agenda, and they're done through previous ministers who have had views on things and appointed the people they have.

This committee had no role whatsoever in selecting the people on the panel. It was done by the minister himself.

Mr. Chair, I have one last quick question with regard to foreign ownership and restrictions. Does SaskTel have a position with regard to the removal of controlling shares in terms of the restrictions on that?

• (1600)

**Mr. John Meldrum:** We do. I think it was in this very room that we presented that we don't see a real need at this point to get at the foreign ownership issue, and if we do, we think it should be in the context of getting something forward as part of overall trade negotiations.

I certainly would caution that we shouldn't leap ahead of the United States, because they still have some restrictions in terms of the ability to hold licences.

**Mr. Brian Masse:** That's an excellent point, and that's the other problem we face, that as part of the review, an addendum was added by the panel to the decisions without the request of the minister.

Congratulations on your work in penetrating the market.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Masse.

We want to thank you, Mr. Meldrum, for being with us here today. We appreciate your making the effort to come. I also want to pass along that if there's anything further you'd like committee members to have, please pass that to me or the clerk and we will ensure that everyone gets it.

It's a very short session today. I apologize for that, but we have two more sessions. We are going to suspend for a minute, and then we'll ask our next witness to come forward.

Ms. Wendy Sol, we'll ask you to come immediately to the table.

We'll have a one-minute suspension.

Thank you.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
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**The Chair:** Thank you, members. We'll start right off. For the next 30 minutes we have our second witness, Ms. Wendy Sol, who's the administrative vice-president of the Communications, Energy and Paperworkers Union of Canada.

We have you for 30 minutes. You have up to five minutes for an opening statement, and then we'll go immediately to questions from members.

So welcome to the committee, and you may begin your statement.

**Ms. Wendy Sol (Administrative Vice-President, CEP Western Regions, Communications, Energy and Paperworkers Union of Canada):** First of all, I want to thank you for the invitation to appear before you today.

I am Wendy Sol, a vice-president of the Communications, Energy and Paperworkers Union of Canada. We represent 150,000 members from coast to coast to coast. My roots in the telecommunications sector come from Manitoba Telecom Services. I worked in the finance department there for about 20 years before I became full-time with the union.

CEP is Canada's largest union of workers in the telecommunications sector, with members employed at Bell Canada and all of its subsidiary companies. We also represent workers at Manitoba Telecom, at Aliant in the Atlantic region, SaskTel, and Navigata in British Columbia. We are also Canada's largest union of workers in the media, and most particularly the broadcast sector. For example, CEP members work at CTV, CanWest Global, TV Ontario, CHUM TV, and dozens of radio stations across the country.

CEP members clearly have a huge stake in your deliberations and decisions. As front-line participants in these most important economic and cultural sectors of the country, we see the current push for the lifting of existing restrictions on the foreign ownership

in both telecommunications and broadcasting as the number one regulatory issue of the day.

We know that this committee in the past has publicly supported the lifting of the current restrictions. And we know that you have heard from our current industry minister, Mr. Bernier, who has spoken in favour of opening up the sector to foreign control and ownership. I am here today to reiterate our support for maintaining the current regulatory restrictions on foreign ownership of telecommunications and broadcasting, including cablecasting.

While current regulations and policy framework distinguish a separation between telecommunications and broadcasting, the reality is that they have become so technologically and corporately entwined that they should be considered a single industry. Bell Canada Enterprises is more than the largest telecommunications company in the country. It is also one of the major stakeholders in media and broadcasting. Similarly, Quebecor is much more than a publishing company; it controls one of Canada's most vibrant cable and telephone service providers. And the list continues, from Rogers, to Shaw, to Telus.

Especially with the advent of new media and such services as voice-over-Internet protocol, technological convergence and cross-ownerships have erased the lines between content creator and content carrier. In short, it is our view that you cannot tinker with one part of the industry without massive disruption to the other. If you open telecommunications to foreign ownership and control, we lose domestic control, not only of one of the most important engines for economic development in our country but of our cultural development and our sovereignty as well.

As your fellow parliamentarians on the heritage committee said in their comprehensive report on culture just a couple of years ago:

While American conglomerates such as AOL-Time-Warner and larger cable and telecom operators such as Rogers would like to see foreign ownership limits either raised or lifted entirely, the Committee is of the view that one wrong move could do irreparable harm to the Canadian system. Once this happens, there will be no turning back. For this reason, the Committee believes that the suggestion that ownership restrictions can be lifted in the telecommunications sector without a serious impact on broadcasting content is seriously flawed.

There are other reasons why it makes no sense to turn control of telecommunications over to foreign interests. If everyday operating decisions are made in New York instead of Winnipeg, and if long-term investment plans for network expansion or maintenance are made in Miami instead of Montreal, Canadian social and economic priorities will fall by the wayside. It has historically been and should continue to be a tool to ensure universal, affordable, accessible services to all Canadians and communities.

One last concern we have about turning our Canadian industry over to American interests in particular is the new regulations in the United States by which U.S. companies, by law, must turn over all of their records to the various homeland security agencies south of the border. I question why Canadians would want that kind of loss of privacy. I would argue that Canadians really don't want their conversations to be scrutinized by American security, or any other interests. I know that I, for one, don't. I question whether you do as well.

Thank you.

• (1605)

**The Chair:** Thank you very much, Ms. Sol.

We will go to Mr. Byrne for six minutes.

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Thank you very much, Ms. Sol.

I appreciate your comments and point of view about foreign ownership and the management of the industry from that point of view. I understand that CEP's membership is basically involved not only in broadcasting but as well on the telecom side.

One of the things we're looking at in terms of this committee is the deregulation of the telecom side and the minister's decision to circumvent—and I don't know if that's the right word—the CRTC decision on forbearance. Does your union have any particular point of view about whether or not there should be forbearance? What's the overall point of view of CEP in terms of that particular rationale of the minister?

**Ms. Wendy Sol:** As you know, the telephone industry used to be a very regulated industry, and it's now to the point where there's very little regulation in place, other than for foreign ownership. We, as workers, believe that the entire industry should have been regulated. That being said, we now appreciate that we will no longer have a two-tier system, so all the telephone companies should be able to compete on a level playing field. During the 1990s, that wasn't happening. We had a two-tier system, and I would argue that workers and communities suffered as a result of that.

**Hon. Gerry Byrne:** So you would agree with the position on forbearance that basically the telcos and the cable companies should be able to compete on a level playing field—

**Ms. Wendy Sol:** Yes, equally.

**Hon. Gerry Byrne:** —in areas where they meet the criteria. That is the position of the CEP.

**Ms. Wendy Sol:** Yes.

**Hon. Gerry Byrne:** I don't think I have any further questions.

Dan, did you want to share the time that is left?

**Hon. Dan McTeague:** Sure.

How much time do I have, Chair?

**The Chair:** You have four minutes.

**Hon. Dan McTeague:** Ms. Sol, thank you very much for being here.

In terms of the work that you and your union have done, I have been extremely concerned about the TPR report. Only a selective

few of the recommendations have been made, or provided, by this order for variance.

I'm wondering if your organization, the union, has had an opportunity to examine what the consequences will be for your membership in the days to come should we return to the good old days of having just two basic operators in Canada and urban areas, such as Bell Canada and perhaps Rogers or Shaw or Telus, depending on the region. How do you see this favouring your members in your union?

• (1610)

**Ms. Wendy Sol:** Coming from the Manitoba Telephone System, we lived under a crown corporation and we were able to see firsthand what happened when we were privatized. As the witness before me said, they were able, because of their public policy, to offer good service, competitive service, throughout the province.

In Manitoba, since that's happened, the private company now is only going where the cream is, where the money is. When it comes to competition, that's all that the competition is looking for, what is down in the urban centres.

In Manitoba, prior to privatization, CEP had 32 locations across the province and we had well-paying jobs. Now we have three locations across the province. The competition doesn't look at the rural. It doesn't look at the remote areas. So I would argue that by having the ability to compete on a level playing field, MTS is now going to be able to invest back into those rural areas. For them to lose 25% of market share before they can compete with companies that are just as large as MTS, as the previous witness said, is tying their hands behind their backs.

**Hon. Dan McTeague:** In terms, then, of the opportunities that your union has in representing employees, you don't see these new, emergent companies, these new ones that would benefit from the continuation of forbearance, as ones that would necessarily employ your members. Is that your concern as well?

**Ms. Wendy Sol:** Our concern is to make sure that when competition comes in, it's not a race to the bottom and that we don't have workers being pitted.... And it's not suggested that they need to reduce their benefits or their working conditions in order to compete.

**Hon. Dan McTeague:** That's interesting, because we're dealing with Bill C-257, and I get a lot of interest in that from your members, as opposed to this issue of telecom. I tend to believe that this issue of telecom will probably be a lot more devastating to the bottom line for your members.

A comment that you had with respect to consolidation and concentration in the number of media that are out there was not lost on this committee, and this member of Parliament has been raising it since 2000. When one player who's in the phone business owns a large national broadcaster and owns a large paper, then only certain things are going to be covered in terms of the media. And the same applies to their competitor, which also happens to own very much the same configuration.

How do you see the next wave of mergers taking place? This is the second time. I'm, of course, very concerned about it. Ironically, those things have never been published in either the *National Post* or *The Globe and Mail*. Nevertheless, how do you see these mergers affecting your membership as it relates to multimedia takeovers? You mentioned CHUM, for instance, and A-Channel as an example. I've spoken to a number of journalists. They're very concerned. They've already eviscerated some of their rooms.

**Ms. Wendy Sol:** We are very concerned about the concentration of media ownership in Canada. We want the government to put in some regulations to prevent that concentration. As you know, the public out there, if they hear it on this station, pick up that newspaper, and hear it on that radio, they think they're hearing three different points of view, when in fact it's the same aspirations out there trying to get their point of view over. Which brings us to the point of lifting the foreign ownership restrictions. That's a concern.

**The Chair:** Thank you.

Thank you, Mr. McTeague.

We'll go to Monsieur Vincent.

[Translation]

**Mr. Robert Vincent (Shefford, BQ):** Thank you, Mr. Chairman.

Welcome.

I would like to know what is your greatest fear faced with the American juggernaut? What would concern you most if Americans or other big players came to Canada?

[English]

**Ms. Wendy Sol:** I'll speak to the Americans buying it. On telecommunications, right now under the U.S. Homeland Security department and their laws, they are entitled to hand over all the telcos' records. In fact, although Verizon, BellSouth, and AT&T weren't required to, they handed over a lot of records and were monetarily rewarded for that.

Canadian citizens are going to have American telephone companies doing things like data mining and looking at phraseology on their phones, and they could be linked to terrorist organizations very innocently. So I think Canadians would be very concerned if an American telecommunications provider were to buy up our communications system and hand over those records.

•(1615)

[Translation]

**Mr. Robert Vincent:** How many people do you represent, percentage-wise? Do you represent 90 or 95% of workers at Bell Canada? You do represent Bell Canada's workers, do you not?

[English]

**Ms. Wendy Sol:** Do you mean across the country?

**Mr. Robert Vincent:** Yes.

**Ms. Wendy Sol:** We represent workers at Bell Canada, which is the largest provider of telecommunications in the country. We represent the majority of telephone workers in Canada.

[Translation]

**Mr. Robert Vincent:** Bell Canada and other players have to lose 25% of their market before being allowed to compete. Could this cause job losses for your members?

[English]

**Ms. Wendy Sol:** We saw a lot of job losses with the deregulation of the industry and the two-tier system throughout the nineties, so it's been devastating. We have a situation right now at Expertech where Bell Canada wants to see 25% concessions in wages and benefits in order to compete. This is what they're demanding of our members. Bell Canada is announcing that they're going to close down that operation if the workers won't take those concessions.

So there's a big pressure on our workers and members to take concessions. There are a lot of negotiations on attrition, with members leaving, and they aren't creating any new well-paying jobs for Canadians, particularly in the rural area.

[Translation]

**Mr. Robert Vincent:** These job losses will have impacts elsewhere in the country. It will not happen only in a given area, but all over the country. Also, as you said, there might also be job losses because Bell Canada will need to make some cuts due to deregulation. The company will still have to provide efficient service but it will also need to be competitive. You are convinced, and this is what we read in the papers right now, that Bell Canada wants to cut costs in order to be competitive.

Do you believe there will be further job losses down the road because of this deregulation? Do you think deregulation is good for your union?

[English]

**Ms. Wendy Sol:** We don't see a rosy picture down the road. We see the loss of a lot of meaningful, good-working, long-term positions. Once upon a time you could will your job to your children in the telecommunications industry, and that's no longer the case. In the telecommunications industry, MTS is considered a small player. I fear that if SaskTel is no longer a crown corporation we'll have only two large telco companies in this country, Telus and Bell Canada, and we're really going to see less competition.

[Translation]

**Mr. Robert Vincent:** Along the same lines, we are told that it takes three players in order to have real competition. So this means wireline service from Bell Canada, cable service from Vidéotron and cellular service. But I have a hard time seeing how cellular companies could be part of this competition because they are going after only one part of the market.

On the other hand, cable companies and Bell Canada will be able to offer the full range of services, such as satellite TV or TV over the Internet. Interconnections will be established in order to offer better packages and continue to do business with consumers.

[English]

**The Chair:** Okay.

•(1620)

[Translation]

**Mr. Robert Vincent:** I did not have time to phrase my question.

[English]

**The Chair:** Well, we're right at six minutes, so....

Ms. Sol, would you like to respond to that?

**Ms. Wendy Sol:** I would agree with you that the losers are going to be Canadian citizens who don't live in the big urban centres.

**The Chair:** Okay, thank you.

We'll go to Mr. Van Kesteren.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you, Mr. Chair.

Thank you, Madam, for coming to join us.

I just want to talk—not a whole lot—about foreign ownership.

Do you not think we can compete with the Americans?

**Ms. Wendy Sol:** In telecommunications?

**Mr. Dave Van Kesteren:** Yes.

**Ms. Wendy Sol:** It's not a question of being competitive. We certainly don't have the market or the access to the numbers, so when the Americans come into Canada, they're not going to go to the Thompson, Manitobas, of the world and to small communities. But the real fear is not being able to compete; it's the access to private information that will be subjected to the American laws. We are going to lose control of that.

**Mr. Dave Van Kesteren:** Let me put your mind at rest. I don't know whether your union has looked at this, but Mr. Vincent and I both chair on the ethics committee, and that would be an impossibility. Through PIPEDA, we have safeguards for that, and I think the other members should realize that too; that should any company come into Canada, they have to abide by the rules and the laws set in place by PIPEDA. It wouldn't be any different from any others—unless you know something that I don't know. But then you maybe should—

**Ms. Wendy Sol:** Our experience with insurance companies has been different.

**Mr. Dave Van Kesteren:** I don't know if this is a place to debate that, but maybe you should come in front of our committee to talk about those things, because we've grilled them extensively on that, and I think there's absolutely no chance of it happening.

Tell me, what are you most concerned about—and it's a fair question—your employees or consumers?

**Ms. Wendy Sol:** Our members are consumers, so it's six of one and half a dozen of the other.

This isn't about the union and being able to survive; this is about being able to provide good telecommunications. This is Canadians' culture. We have 33 million citizens in Canada. We are such a vast country that to be able to reach out.... To some communities, it's the only link, and if we have players who are only concentrating on where the money is to be made, we're going to have Canadian

citizens who aren't going to have any access to the outside world, because they don't have the infrastructure.

**Mr. Dave Van Kesteren:** But are you not aware that since we began the deregulation process in 1993, this industry has exploded, and the result has been that we're seeing more service and that more communities are being served. Don't you think that if we continue in that process, that will continue to happen, that we will—

**Ms. Wendy Sol:** No, that has not been our experience. More services are being provided because of technological advances, but it's not solely because of competition. I can tell you that in the remote areas there is less opportunity, and the services are either not available or very prohibitive in cost.

**Mr. Dave Van Kesteren:** I don't want to go here, but Mr. McTeague brought it up. Are you in favour of Bill C-237, of that legislation being passed?

**Ms. Wendy Sol:** Do you mean Bill C-257?

**Mr. Dave Van Kesteren:** Yes, Bill C-257, pardon me.

**Ms. Wendy Sol:** Are you talking about the anti-scab legislation?

**Mr. Dave Van Kesteren:** Yes, the replacement worker legislation.

**Ms. Wendy Sol:** Actually, it's called anti-scab.

**Mr. Dave Van Kesteren:** Well, it's called replacement worker, but are you—

**The Chair:** Mr. Van Kesteren, I think we're straying. We're talking about deregulation in telecommunications.

**Mr. Dave Van Kesteren:** Chair, I want to find out.... I think it's a fair question.

I want to know where your motivation lies.

**Ms. Wendy Sol:** I can tell you that the experience where we have anti-scab legislation, in Quebec and in B.C., is that we have seen fewer labour disputes, shorter labour disputes, and less violent ones.

**Mr. Dave Van Kesteren:** So you're in favour of the legislation. Do you think telecommunications should be regulated as essential services, or do you feel they should be exempt from such regulation?

**Ms. Wendy Sol:** During the last dispute in Atlantic Canada there were hearings on essential services, and it was determined that there was enough infrastructure that when there was a dispute, people's phones still worked. There was also a provision for essential services, if it was needed, but nobody was carved out of the dispute as a result of essential services.

•(1625)

**Mr. Dave Van Kesteren:** Thank you.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Van Kesteren.

We'll go to Mr. Masse.

**Mr. Brian Masse:** Thank you, Mr. Chair, and thank you for appearing here today. Actually you are the first—and I would say it's an important discussion point that has been missed—to bring up the issue over the Patriot Act. That is the act you're referring to.

PIPEDA does not cover Canadian companies or American companies once they leave this country. That's the problem we have. Once that data has actually moved over to the United States, and often it's for billing and other purposes, and it can be done through a third party—a number of different banks and organizations use this as a way of conducting business—what ends up happening is that these companies, even though they're located in Canada, are not even notified by those other companies when the Department of Homeland Security, or the FBI, or some other agency takes that information and provides it to the American government agencies. There's also no process for scrubbing that information post-evaluation of the material.

So you're raising something that is very important, because it does affect Canadians' personal privacy, and there have been several high-level cases about it. That's why some provinces have moved to provide some type of protection for their consumers, but it's actually a trade agreement that has to be done at the end of the day.

Maybe you could talk a little bit about privacy in business in general, about some of the concerns, because you are raising an issue involving the Patriot Act and our own country. Can you talk about some of the privacy issues that are faced by people in protecting our privacy?

**Ms. Wendy Sol:** You're right. There is the...what's the acronym I'm looking for? It's the local access. Through the back door, telecommunications can do some data mining, if you will, and look at the phraseology of people, at what they're saying, and whom they're calling, and there could be some really innocent links to terrorists. It is quite a concern.

But what's really a concern to us as well is that telecommunications and the lifting of foreign ownership would be part of the GATS discussion, when in fact it is totally against Canadian law. We're not having the debate in the legislature, and they're trying to use pressure through negotiations at the GATS to say that we need to change our regulations.

They're really circumventing Canadian law by going through trade agreements.

**Mr. Brian Masse:** Yes, and what's important to know here is that there are very few restrictions on actual investment by foreign investors. It's really the controlling shares that have the restrictions. That's an important distinction that often gets lost.

Now, I wonder whether CEP has a position on net neutrality. Are you familiar with it? That is where a provider of Internet access favours various providers or services people. If amazon.com, say, pays an extra fee or takes a service, it gets quicker access on that site than others do. The government of the day right now, the minister, doesn't really have a position on that neutrality—something I think this country needs to have a law on. The United States is looking at it.

Has CEP had a discussion about that issue yet, or is it new?

**Ms. Wendy Sol:** That's something, Brian, that I'm not briefed on. I would have to get back to you. But I can certainly say that on the face of it, it sounds like a two-tier medical system—jumping the queue.

**Mr. Brian Masse:** That's exactly what it is. You pay the fee... And it's already happening in the system right now. It's a real concern, because it affects competitiveness and of course democracy in terms of freedom of speech on the Internet servers—who is actually getting access to site locations and who is not, at the different speed levels.

Those are all my questions, Mr. Chair.

**The Chair:** Thank you very much, Mr. Masse.

Ms. Sol, I want to clarify one thing, mainly with respect to your union's position on the win-back provisions. You may have mentioned this, but I want to clarify it.

As you know, under one of the decisions we're talking about, the CRTC restricted the ILECs by having a three-month provision for win-backs. Now the minister is recommending that in certain areas, if they meet the test put forward by him, he would do away with the win-back provisions.

What is your union's official position on the win-back provisions?

**Ms. Wendy Sol:** We believe there should never have been a caveat of three months before the incumbent carrier could try to win back, because the perception out there from the consumer was that they didn't care; they didn't try to get their business back. We think the incumbent carriers should be able to win back their customers immediately.

**The Chair:** Thank you very much for that clarification. Thank you very much for being with us here today. I know it's been short, but it's been a very good discussion. If you have anything further to provide to the committee, please feel free to do so.

• (1630)

**Ms. Wendy Sol:** I have two briefing papers I'd like to table.

**The Chair:** Okay. You can do that with the clerk.

Our next witness, from the Réseau d'informations scientifiques du Québec, is Monsieur Michel Vanier, the chief executive officer.

[Translation]

**Mr. Michel Vanier (Chief Executive Officer, Réseau d'informations scientifiques du Québec):** Thank you, Mr. Chairman.

I would also like to thank the members of the Committee for giving me the opportunity to tell you a bit about RISQ.

I have provided a brief to the Committee. I would ask you to refer to it. RISQ is a private telecommunications network serving educational and research institutions in Quebec. RISQ was founded in 1989 with a view to allowing universities to use an all new protocol that was not commercially available. This protocol was the Internet. We were the first Internet link in Quebec.

[English]

RISQ is what we call a research and education network. There are such private networks in every province in Canada and in most countries in the world. For instance, in Ontario you have ORION. There's BCNet in B.C., Netera in Alberta, and the federative network CANARIE, which links all the provincial R and E networks in Canada.

In the United States you have Internet2, and in Europe it's called GÉANT. I could go on like that for a few minutes.

[Translation]

Drawing from the brief distributed to the Committee, I would simply like to mention some of the roles RISQ plays in this area. First of all, RISQ is mainly a network for research, for universities, providing new Internet technologies offering very high bandwidth communications services for regional as well as national and international collaborative work.

Another role I would like to mention to the Committee is the contribution to regional development provided by research and educational networks, and in particular RISQ, when you consider distance education. In remote regions, programs that would not be viable because of an insufficient clientele can be offered through our educational institutions with the help of videoconferencing and other teletraining technologies. In Quebec, there are two such programs: the first one is Cégeps en réseau, and the second one, aimed at primary and secondary education establishments, is called Écoles éloignées en réseau. To my knowledge, there are similar programs being offered throughout Canada.

With regard to the private sector, it is important to understand that RISQ is not a telecommunications carrier as defined by the Telecommunications Act. RISQ is a not-for-profit corporation constituted by letters patent, that limit its activities to the fields of education and research.

Mr. Chairman, RISQ does not participate in the competition engaged in by telecommunications companies. You may be wondering why RISQ is appearing here before the Committee. We are doing so for the following reasons. We wish to ensure that the changes to the regulations will not affect the pursuit of our activities for the benefit of educational and research institutions in Quebec and elsewhere in the country. Our primary concern in this regard is that these changes not increase our operational costs. We are mostly funded by teaching institutions, and any increase in our costs would be directly passed on to Quebec's universities and colleges. Our second concern is that these changes not reduce the access we have to the telecommunications infrastructure of the telecommunications carriers with whom we have, in partnership, built up our private network.

In conclusion, RISQ and similar networks should not be treated as competitors of private telecommunications providers under any changes the House of Commons might wish to make to the Act and its regulations. RISQ and similar networks should furthermore not be forced into becoming telecommunications companies in order to pursue their activities.

Thank you for your attention. Those are the remarks I wished to make.

•(1635)

[English]

**The Chair:** Thank you very much, Monsieur Vanier.

We now have our second witness, Mr. Daniel Krewski, professor and director, McLaughlin Centre for Population Health Risk Assessment, Institute of Population Health.

Mr. Krewski, we'll go immediately to your statement. You have up to five minutes, and then we'll go to questions from members.

[Translation]

**Prof. Daniel Krewski (Professor and Director, McLaughlin Centre for Population Health Risk Assessment, Institute of Population Health, University of Ottawa):** I would like to begin by thanking the Committee for giving me the opportunity to make a few comments with regard to frequencies.

[English]

Our program at the University of Ottawa focuses on potential health risk issues associated with radio frequency fields, including those from wireless telecommunications devices. These would be mobile phones, base station transmitters, and other sources of exposure to radio frequency fields.

We've been working in this area for more than a decade. One of our major contributions is that we maintain a comprehensive website—[www.rfcom.ca](http://www.rfcom.ca), if you're interested in checking us out—that summarizes the world's literature on potential health risk issues associated with radio frequency fields.

We also are participants in the ongoing World Health Organization study of potential cancer risks associated with mobile phone use. This is an area that is of concern to many members of the public, and it's an area that's not well understood. It will be the largest study of its kind ever undertaken. It has been under way for almost 10 years now. It involves 13 countries, 5,000 cancer cases, and 10,000 other participants. We have about 60 investigators working on the interpretation of those results. We expect those results to be available some time in the middle of 2007. This will be a very important contribution, perhaps the single most important contribution, to the literature on potential health issues surrounding mobile phone use.

I also participated a number of years ago as chair of the Royal Society of Canada's panel on potential health risks of radio frequency fields. The panel did an exhaustive review of the literature. It reviewed more than 1,000 scientific articles. At that time, in 1999, we reached the conclusion that there were no clear adverse health effects associated with radio frequency fields. There were some biological effects of no known clinical significance, which did require clarification. We recommended additional research be done, and part of that was a large-scale epidemiologic study of the type that the World Health Organization is currently undertaking. We do periodic updates of the literature on the Royal Society's original report, and we continue to work in that area.

That's an overview of the program. We like to serve as a resource for industry, for government, and the public. We have involvement with virtually all those sectors in terms of providing health advice on radio frequency field risk issues.

Thank you.

• (1640)

**The Chair:** Thank you very much, Mr. Krewski.

We'll go immediately to Mr. Byrne for six minutes.

**Hon. Gerry Byrne:** Monsieur Vanier, I believe one of the prominent points you came here to make was that you're concerned that in a deregulated environment your organization would have to constitute itself as a telecommunications company and manage its affairs as if it were a private sector organization in order to be in compliance with regulations. Is there anything specific that causes you this concern within the proposed variance order or the TPR report itself?

[Translation]

**Mr. Michel Vanier:** First of all, RISQ is obviously not a very large organization. It does not have the necessary analysts and researchers to do an in-depth review of the bill. We rather chose to state our concerns independently from any direct reference to the bill per se. We would require somewhat greater means in order to do more in-depth research on these aspects. You will understand that a non-profit organization has very limited means, especially when it is funded by the education sector. So, no, to my knowledge there is not, but that does not mean that that is so.

[English]

**Hon. Gerry Byrne:** I guess one of the issues, for example, would be that you're actually facilities-based. RISQ owns a fibre optic link that runs throughout the entire province. There could be a question as to whether under CRTC order you would be able to provide wholesale access to private sector companies that for some reason may want very high bandwidth pipelines for movies or whatever. Is that basically where you envision some of the concern coming into play?

[Translation]

**Mr. Michel Vanier:** Indeed, this example is something that would create serious problems for us, because at the present time, according to our letters patent, RISQ's activities are limited to the research and education sectors.

As I mentioned in the brief, RISQ does not resell structures or even assets to telecommunications companies falling under the Telecommunications Act. If we were to indulge in such activities, that would be in conflict with our letters patent. This is one of the reasons why we do not want to be regulated by the Telecommunications Act. We wish to remain a private network for those purposes which are ours.

[English]

**Hon. Gerry Byrne:** As someone not involved in the commercial marketplace, I believe there is no real or perceived threat to an organization such as yours. The federal government also operates and contributes to a very large, high-speed, ten-gig pipeline throughout the entire country. That obviously is a different set of circumstances.

Would you be able to describe to us your involvement with the private sector in being able to fulfill a province-wide network of very high bandwidth links, whether it's Bell Canada, Vidéotron, or others that have participated with you? Do they use that backbone for commercial enterprises?

[Translation]

**Mr. Michel Vanier:** The partnerships that we have developed with the private sector and the telecommunications industry mostly involved the construction of the network.

RISQ has indeed purchased fibre optics from telephone and cable companies. Each and every year, RISQ pays out a lot of money to telephone and cable companies for the maintenance of its network. This is the first type of partnership we have had with the telecommunications industry.

In answer to your other question, I would say that the telecommunications industry does not use RISQ's very broad capabilities for commercial ends.

It does happen that there is some overlap with the telecommunications industry in Canada. You will understand that universities, in the context of their research mandates, are developing more and more links with industrial research centres. For example, the International Telecommunications Institute, whose headquarters are in Montreal, is a member of RISQ and is able to utilize RISQ's infrastructure in order to test new protocols.

I would also mention that a certain number of industrial research centres, that have activities that tie in with universities, can also be members of RISQ. The rules are somewhat similar to those that apply to CANARIE, the federal organization, which is governed by Industry Canada.

• (1645)

[English]

**Hon. Gerry Byrne:** Mr. Krewski, do you have any data that suggests the proliferation of more cell towers due to increased competition is of concern from a population health point of view? What's the major thrust of your presentation to our committee?

**Prof. Daniel Krewski:** We've been looking at radio frequency field exposure from multiple sources. The main source of exposure in communications is probably the mobile phone handset, because you hold it close to your head and the field strength is strongest right at the tip of the antenna. If you look at base station transmitters, the fields drop off very quickly as you move away from the transmitter. Ambient measurements have shown exposure levels to populations to be less than 1,000-fold from what you would get from a hand-held device.

The big concern is really with mobile phones themselves, rather than the upwards of 5,000 base station transmitters we have across the country now.

**The Chair:** Thank you, Mr. Byrne.

We'll go to Monsieur Crête.

[Translation]

**Mr. Paul Crête:** I would like each one of you to tell me if deregulation, as proposed, will have a short-term impact on your activities and if it is a source of concern.

**Mr. Michel Vanier:** Our main concern in this regard is access to infrastructure. That was the second point that I made in my introduction. Since RISQ is not a telecommunications company, it does not have the rights of way that telecommunications common carriers and cable operators are able to have. We must therefore deal with telecommunications companies. Typically, we will use a cable that is comprised of 144 pairs of fibres; we will own 2, 4 or 6 of them, somewhat in the way a condominium works.

We are entirely dependent upon access to the infrastructure of telecommunications companies. If the access fee to this infrastructure were to increase... This matter is presently before the CRTC and no decision has yet been rendered. We are concerned by the repercussions that such a decision might have in the area of infrastructure access, especially if there were to be an increase in the cost.

**Mr. Paul Crête:** Could you explain to us the repercussions of such a decision?

**Mr. Michel Vanier:** That is a decision that would involve not RISQ, but rather Telus.

**Mr. Paul Crête:** What would the fallout of such a decision be for organizations such as yours?

**Mr. Michel Vanier:** It is difficult for me to try to guess at how far the Commission might go. I can but look at various scenarios. For example, if we were prevented from accessing this infrastructure, we would be forced to relocate our fibre optics and our equipment throughout the province. Our network covers 5,000 kilometers. In the worst-case scenario, that would involve millions of dollars in extra costs for us.

• (1650)

**Mr. Paul Crête:** Mr. Krewski, I would put the same question to you. Will the deregulation of telecommunications have repercussions for you? Will the present directive with regard to local telephone service or the winds of deregulation that are blowing at present have any concrete impact on your organization?

[English]

**Prof. Daniel Krewski:** We've been focusing our work primarily on wireless telecommunications. If I understood the previous discussion, you're looking more at fibre optics and other forms of transmission.

[Translation]

**Mr. Paul Crête:** If, as planned, certain zones were deregulated, there could be a traditional telephone service company, a cable operator or any wireless phone service. Would that have an impact on you?

[English]

**Prof. Daniel Krewski:** So if we look at the whole network, including land lines, fibre optics and wireless links, is there any area in there where we would have some concerns from the population health point of view?

[Translation]

Is that the question?

**Mr. Paul Crête:** Yes.

[English]

**Prof. Daniel Krewski:** When you're looking at land lines, I think the potential exposure to radio frequency fields is not an issue. As I said previously, the things people talk about when we look at wireless are hand-held mobile phones, where the device is held close to the body. As I commented earlier, base station transmitters' field strengths or ambient levels where populations reside are far lower than anything you would experience from a hand-held device.

There are other potential sources of exposure starting to become more common, such as wireless computer networks. We may be in the presence of wireless communications right now, if there's a local area wireless network. But again, the field strengths there would be more akin to those you might experience from a base station transmitter, and much lower than you would experience from a hand-held device.

So all the focus, from a health point of view, has really been on the mobile phones themselves.

[Translation]

**The Chair:** Thank you, Mr. Crête.

Mr. Arthur.

[English]

**Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.):** Thank you, Mr. Chair.

Good afternoon, Professor Krewski.

My question is not a joke, but something I would like you to address. Since you're very interested in the link between these electromagnetic *rayonnement* and human health, have you been able to debunk the urban legend of a cellphone making a car explode at a gas pump?

**Prof. Daniel Krewski:** I think that is indeed a legend. It's not an issue we've been asked to communicate on, but there's no scientific basis—

**Hon. Scott Brison:** Only when the user is smoking a cigarette.

**Mr. André Arthur:** You still see gas stations—big companies like Shell—prohibiting customers from using their cellphones. If somebody had a heart attack, they couldn't dial 911; they're afraid it would cause the car to explode. That's the extent of the stupidity.

**Prof. Daniel Krewski:** I think it's a communications issue. I was reading an article just this afternoon in the *Journal of Public Health* that was talking about restrictions on the use of cellphones in hospitals. When you go into a hospital you're asked to turn off your phone because it might interfere with medical equipment. This group of experts pointed out that we've never really had much of a problem with medical equipment. As long as you're more than a metre away, there's only a remote possibility of interference. With the new digital technology, the possibility of interference is getting even smaller. So I think it's a communications problem that we have on our hands.

**Mr. André Arthur:** Thank you, sir.

[*Translation*]

Welcome, Mr. Vanier.

What are you carrying on RISQ that could not be carried on conventional Internet, now that the network has been built?

**Mr. Michel Vanier:** There are very important research projects, for example an international partnership on the new particle accelerator at CERN, in Geneva. This accelerator will transmit incredible amounts of data. The transmission of this data to various universities throughout the world will require 10 gigabit dedicated lines. In Canada, several universities, including the University of British Columbia, the University of Montreal, McGill University, the University of Calgary and others as well, will be receiving this data on a regular basis. Very high throughput rates will be required for the simple transmission of this research data.

The volume of this data will be such that it will not be able to be processed by a single computer or a single processing centre situated in one city in the world. The analysis of this data is spread out among several centres, and these calculation infrastructures are usually funded by the Canada Foundation for Innovation.

State-of-the-art scientific research requires this kind of network.

• (1655)

**Mr. André Arthur:** In the specific case of the accelerator in Switzerland, how will the data travel between Switzerland and Canada to your network?

**Mr. Michel Vanier:** All of the data will be exclusively carried by what I call the world academic Internet, which is an entirely private international network.

**Mr. André Arthur:** Your international equivalent.

**Mr. Michel Vanier:** In essence, our international equivalent. There are optical fibres running along the bottom of the Atlantic Ocean.

Another example is high definition videoconferencing. Our networks were built with these needs in mind because of our educational mission. These networks must operate. The architecture of our networks is very specific and very different from that of commercial networks. We use new Internet technologies that are three, five or ten years ahead of those that are being used commercially by the industry.

**Mr. André Arthur:** You have built up this network with the telecommunications companies and with the cable operators, depending on where you wanted penetration. Is that correct?

**Mr. Michel Vanier:** That is correct.

**Mr. André Arthur:** Now that these two entities might be called upon to enter into fierce competition, this might bring about a drop in prices. Is there a chance that you might profit from the battle between your two co-owners in the form of reduced access costs?

**Mr. Michel Vanier:** That is possible, but I cannot count on that happening. However, teaching institutes cannot run the risk of having changes substantially increase what they have to pay. That is more our worry.

**Mr. André Arthur:** In summary, you are afraid of seeing the costs increase, but you have never prepared yourselves for the possibility that they might go down.

**Mr. Michel Vanier:** Let us say that that is an outcome that requires less preparation.

**Mr. André Arthur:** If the cable companies and the telecommunications people are at war with each other — and they have the right to steal customers from each other — will you not quickly become a choice target, given the millions of dollars that you invest in the network?

[*English*]

**The Chair:** Okay. Final response.

[*Translation*]

**Mr. Michel Vanier:** It is more on the access side that there is an issue for us. Our network has very specific characteristics and it remains a private network aimed at serving its members.

As far as access is concerned, it is not a matter of competition. Whether we are in a Bell or Telus CO or in a Vidéotron or Câble Axion hut makes no difference to us.

**Mr. André Arthur:** Money does not matter?

**Mr. Michel Vanier:** Yes, a lot.

[*English*]

**The Chair:** Okay. Thank you.

Merci, Monsieur Arthur.

We'll go to Mr. Masse.

**Mr. Brian Masse:** Thank you, Mr. Chair.

Thank you to the delegation for being here.

I'll start with Mr. Krewski.

A previous witness, Mr. Meldrum from SaskTel, made a good point that's often true. He mentioned his son saying he doesn't get a land line at his home. His home doesn't need a phone; he needs a phone. That's often the thinking of a lot of younger people and people who don't want to pay for the cost of a land line in their house and the monthly fees versus the portability, and so forth.

With regard to your work, is it probable then...? I don't want you to speculate in terms of your results, but what is the significant risk or potential risk for those using hand-held devices versus land lines, the difference between the two? With this whole debate of deregulation, some of the competition we're looking for would come through other technologies versus another technology. Can you comment on that?

**Prof. Daniel Krewski:** We've witnessed an explosion in the use of wireless devices, from about 100,000 in Canada in 1986 to over 17 million today. If you look at some European countries, the market penetration is over 100%, which means that some people own more than one cellular phone, and on average everybody has at least one. So your observation of people making more use of this technology is quite accurate.

You could express some concerns about the larger number of people using the technology, the longer amount of time they're on the phone increasing their exposure to RF fields. If there is a risk, we are looking at larger numbers of people exposed.

Having looked at just about every piece of scientific data that's ever been accrued on this topic, at this point—and there have been over 40 epidemiologic studies of radio frequency fields on health—we have no clear evidence of an association between radio frequency fields and adverse health outcomes.

As I mentioned in my opening remarks, there are some subtle biological changes, things like alterations to the rate at which certain ions get transported across cellular membranes, which have no known clinical significance, but probably warrant a little bit of investigation. That's the reason we have embarked on additional research studies, to my mind the most important of which is the World Health Organization's 13-country study, which will be looking at long-term heavy users of cellular telephones as one of the population subgroups. When our results become available later this year, I think we'll be able to give you some direct scientific, factual information on your question.

• (1700)

**Mr. Brian Masse:** I used to work on behalf of people with acquired brain injuries. The first thing I learned is how little we understand about the brain and the consequences of a series of different things we do in our lives.

With regard to the types of things you're studying, is it cancer, is it hearing loss, is it a whole spectrum of things that are being looked at? Give us a little detail in terms of those health side effects you are examining.

**Prof. Daniel Krewski:** In terms of the health effects that we looked at, let me focus first on the WHO so-called interphone study, because that's very focused. We're looking at four types of lesions, two types of brain cancer—meningioma, glioma. We're also looking at acoustic neuroma, which is a tumour of the auditory nerve, and we're looking at parotid gland tumours, non-malignant tumours of the salivary gland. So those will be the contributions, all cancer-related, from the WHO study.

If you look at the work we review in our periodic updates of the original 1999 Royal Society report, we focus on all outcomes—on cancer, reproductive outcomes, on memory loss, changes in enzyme function, mutation in cellular systems, everything under the sun. The preponderance of literature really provides no clear evidence of adverse health effects associated with RF fields.

**Mr. Brian Masse:** I want to ask this question, because I'm not familiar with your institute. Do you receive any funding from those in the telco industry or associated with it, be it owners or companies? Who pays for the study, the funding? Is there any association with anybody who might have a vested interest in terms of the use or non-use of the products?

**Prof. Daniel Krewski:** We are a fairly large research centre. There are over 100 full-time investigators in the Institute of Population Health, which was started by the university just about six years ago, so it's quite a success story to grow to that level.

In my program, which focuses on risks to health, we're funded from a wide variety of sources: all three federal granting agencies here in Canada, the federal government, international agencies, granting agencies in the U.S., and private foundations.

About 10% of our funding comes from the private sector, and it's all administered in accordance with conflict of interest guidelines that ensure there's no influence of private sector sponsors on the research results. The most common mechanism we use is the university-industry partnerships program of the Canadian Institutes of Health Research, which allows industry to contribute to the funding of research in a hands-off way. We would prepare a grant for CIHR in the same way as we would if there were no industry involvement—have it peer reviewed and then execute the research independently—and we do utilize that mechanism for some of our work on radio frequency fields.

**Mr. Brian Masse:** Who instituted—or initiated, I should say—this particular study that will be coming forth? Whose effort was it to bring forth this study?

**Prof. Daniel Krewski:** It was actually the International Agency for Research on Cancer, which is part of the World Health Organization. Canada is one of 16 member countries that support IARC. I had the pleasure of serving on the scientific council for four years, representing Canada between 1992 and 1996. It's considered the most authoritative body on cancer risk issues in the world. They invited representatives from 14 countries to participate in the study; each country had to raise the funding for the research internally. The only country that didn't manage to participate was the United States. They could not get funding internally.

• (1705)

**Mr. Brian Masse:** Thank you for your comments. I would suggest that we keep an eye on when the study is ready, so that it can be circulated to the committee, whether we're here or not.

**The Chair:** Yes. That would be great.

Thank you.

We'll go to Mr. Temelkovski.

**Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.):** Thank you very much, Mr. Chair, and thank you to both presenters.

Monsieur Vanier, your network is very private, I would say, from hearing your testimony. It's only shared among educational organizations and government.

Is there any chance of its being in the hands of privately owned companies or individuals?

**Mr. Michel Vanier:** No. I cannot foresee that. We have been subsidized by the Government of Quebec.

[Translation]

According to an agreement we have with the Government of Quebec, we cannot resell our assets without the express permission of the Quebec Department of Education.

[English]

**Mr. Lui Temelkovski:** Most of the telecommunication gadgets that we're using nowadays stem from very close work with large companies or governments in the past. Examples are telephones, which were used during the war and only for military purposes and so on, and they've come on board now.

Do you see your industry going that way any time in the future?

[Translation]

**Mr. Michel Vanier:** RISQ is not involved in research. We are rather a research infrastructure. I do not know if that answers your question. Could you repeat it please?

[English]

**Mr. Lui Temelkovski:** Many industries in the past, or communication devices, have been strictly for a prescribed number of users. Subsequently they've become of mass appeal and have moved into the realm of public intent and use.

Do you see that within your industry or your group of work?

[Translation]

**Mr. Michel Vanier:** Thank you for clarifying your question. I now understand what you are getting at.

That has already happened. As I mentioned in my opening remarks, RISQ was in the beginning created with the intention of using a communication protocol called TCP/IP. This protocol was not available on commercial networks in the 1980s. Today, however, it is the most widespread protocol on the planet, including in the telecommunications industry. RISQ however continued to manage its network and will continue to use and promote new protocols of this type over the course of time.

We are not necessarily linked. We play the role of early adopter and we can even test new technologies. Take, for example, universities whose engineering departments include telecommunications researchers. Once these protocols have been tested, their adoption by the industry represents a second phase. But this does not threaten the existence of our network per se.

As long as we are the owners of an optical fibre infrastructure, we are free to use the equipment and the protocols that we want, including to test new protocols.

[English]

**The Chair:** Mr. Temelkovski, you have one minute.

**Mr. Lui Temelkovski:** Thank you, Mr. Krewski.

I remember using cellphones that weighed a tonne. The battery was included; you remember the package in the eighties. They weighed a tonne and they were abnormal compared to today's standards. Are there cellphones now that maybe have more risk attached to them than other phones?

• (1710)

**Prof. Daniel Krewski:** As we've moved to smaller and smaller phones, the general trend has been less power output, particularly with the switch from analog to digital. I would think the concerns would be lessening with the level of exposure decreasing from the hand-held mobile devices over time.

We can expect that trend to continue. The power output, power consumption, will continue to decline with engineering advances.

**The Chair:** I'm sorry, we're over time here, Mr. Temelkovski.

We'll go now to Mr. Shipley.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you. I have a couple of quick ones.

First of all, to Mr. Vanier, the policy report that is out.... Other than that there may be some concern of what it might do to some costs, how does this policy affect you?

[Translation]

**Mr. Michel Vanier:** As I have already mentioned, RISQ does not compete against the industry. The very purpose of the act is to deregulate the telecommunications industry. Our sole objective is to ensure that, despite all of these bills and laws, aimed at the telecommunications industry, people will not forget that there are non-profit organizations such as ours, that these organizations do not come under the act and that no undesirable side effects should threaten our existence nation-wide.

[English]

**Mr. Bev Shipley:** Okay. I guess yours is set up for research and education.

A question to Mr. Krewski, and I apologize, I had to step out. You mentioned earlier there was no clear indication in your comment that radio—I don't know, is it radio signals or waves?—didn't pose a health risk in any of the research you've done. But then you went on to say WHO, the World Health Organization, has some major studies on cancer.

There hasn't been any indication there is a health risk, except the WHO is still continuing to do studies that may suggest there is, or is it...? I'm just going to leave that, because I'm not sure what the next part of the question would be.

**Prof. Daniel Krewski:** Could I ask if the intent of the question is why is the WHO undertaking such a massive investigation when most of the evidence is pointing to no risk?

**Mr. Bev Shipley:** Thank you. That's a good question.

**Prof. Daniel Krewski:** There are several reasons for pursuing that investigation. One is the existing scientific literature. Science is not absolutely certain on all aspects of research, and there are some uncertainties.

I mentioned that there were some biological effects that require clarification. Many of the epidemiologic studies have been of moderate size. If there is a risk, it's probably very small. You'd need a large-scale study to clarify that, and that's what's being conducted.

We benefit either way from the results of this study. If in fact there is no risk, we'll have assurances of safety through the conduct of this very large study, and if in fact there is a small risk that has gone previously undetected in more limited studies, we have a chance to step in and intervene and address it as quickly as possible.

**Mr. Bev Shipley:** Thanks.

That's all I have, Mr. Chairman.

**The Chair:** Thank you, Mr. Shipley.

We'll go now to Monsieur Vincent.

[*Translation*]

**Mr. Robert Vincent:** I have no further questions to ask. Those of Mr. Shipley pretty much covered mine.

[*English*]

**The Chair:** Okay.

I don't have any other members on the list.

Mr. Masse.

**Mr. Brian Masse:** I have just one quick question, Mr. Chair.

Is your study including the same thing with regard to telecommunications through a BlackBerry, say, for electronic messaging, text messaging, or is it just through auditory functions on these?

**Prof. Daniel Krewski:** It focuses exclusively on mobile phones, analog and digital, the difference being the power output of those two types of phones. And I believe we are collecting information in the questionnaire about cordless phones, although the exposures there are of much, much less concern than from mobile phones.

● (1715)

**Mr. Brian Masse:** So that will probably come at a later date, if someone will look at that.

**Prof. Daniel Krewski:** That technology is newer than when we actually initiated the study back in 1997.

**Mr. Brian Masse:** Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Masse.

Thank you very much for coming in and being with us here today. As I mentioned to the other witnesses, if there's anything further you'd like the committee to reflect upon, please do submit that to the clerk.

Mr. Krewski, I want to clarify the website you gave us, just so we have that on record. What was the website information you gave us?

**Prof. Daniel Krewski:** It's [www.rfcom.ca](http://www.rfcom.ca).

**The Chair:** Okay, thank you.

Thank you very much for being with us. We have certainly appreciated your time.

Members, the meeting is adjourned.

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