



Telecom Decision CRTC 2025-93

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Reference: Part 1 application posted on 21 November 2024

Gatineau, 8 May 2025

Public record: 8695-C211-202406024

Canadian Telecommunications Contribution Consortium Inc. – Amendments to Articles of Incorporation and Unanimous Shareholders Agreement

Summary

On 15 November 2024, the Canadian Telecommunications Contribution Consortium Inc. (CTCC) filed an application for Commission approval of its amended Articles of Incorporation (the Articles) and Unanimous Shareholders Agreement (the Shareholders Agreement).

The CTCC oversees the operations of the National Contribution Fund (NCF), which includes collecting funds from telecommunications service providers and supporting initiatives such as the Broadband Fund and Video Relay Service. The proposed amendments aim to improve and update the CTCC governance structure to better accord with the current NCF regime.

The Commission approves the proposed amendments to the Articles and the Shareholders Agreement.

The Commission directs the CTCC to submit a copy of the certificate of Amendment of Articles to the Commission within 30 days of its issuance by Innovation, Science and Economic Development Canada.

Background

1. In *Changes to the contribution regime*, Decision CRTC 2000-745, 30 November 2000 (Decision 2000-745), the Commission established the National Contribution Fund (NCF) to subsidize the high cost of local telephone service in rural and remote areas of the country.
2. Pursuant to subsection 46.5(2) of the *Telecommunications Act*, the Commission must designate a third party to administer the NCF. In Decision 2000-745, the Canadian

Telecommunications Contribution Consortium Inc. (CTCC)¹ was created as the body responsible for managing the funds within the NCF.

3. The CTCC's board of directors is composed of representatives from various telecommunications companies. Historically, representation on the board was structured by class of shares, where shares were issued to a company based on its service offering; e.g., competitive local exchange carriers, incumbent local exchange carriers, wireless service providers, resellers, etc. This aimed to ensure that various industry interests were proportionately represented.

Application

4. On 15 November 2024, the CTCC filed an application for Commission approval of its amended Articles of Incorporation (the Articles) and Unanimous Shareholders Agreement (the Shareholders Agreement). The proposed amendments aim to improve and update the CTCC governance structure to better align with the current NCF regime. The following is a summary of the proposed changes listed in the CTCC's application:
 - Eliminating the various classes of shares, thereby removing the distinction based on a company's service offering.
 - Creating a single class of common shares, for which each shareholder company would be entitled to one vote, including when electing the board of directors.
 - Updating the definitions of "eligible recipient" and "required contributor" to reflect the creation of the Broadband Fund and the elimination of the local service subsidy.
 - Removing references to the contribution regime established in 1997, adding language to reflect the establishment of the Broadband Fund, and providing flexibility for future modifications to the CTCC.
5. The proposed changes were approved by a supermajority² of each class of current CTCC shareholders.
6. The Commission did not receive any interventions in response to the CTCC's application.

¹ The CTCC was previously known as the Canadian Portable Contribution Consortium.

² A supermajority requires a higher percentage of shareholders to approve a change compared to a simple majority; i.e., higher than 51%.

Commission's analysis

7. The CTCC is made up of any telecommunications company that wishes to hold a seat on the board of directors, since all telecommunications companies operating in Canada are eligible to hold a share. The current shareholders represent a cross-section of the telecommunications industry.
8. When the CTCC was established, it was important to distinguish the different classes of shares because only local exchange carriers (LECs) were considered eligible to receive funding from the NCF. However, any telecommunications service provider (TSP) with \$10 million or more in annual Canadian telecommunications service revenue was a required contributor to the NCF. This distinction allowed eligible recipients and required contributors to elect their own directors to the CTCC's board.
9. Aside from a name change in 2012, the Articles and the Shareholders Agreement have not been amended since 2002.
10. The telecommunications industry has since evolved, and the majority of telecommunications companies now offer many different services. Therefore, the historic approach of structuring representation by class of share based on service offering is no longer appropriate.
11. By removing the different classes of shares, all shareholders will have equal weight in electing the CTCC's board of directors.
12. Due to several changes to the NCF regulatory regime and the introduction of the Broadband Fund in 2018, the definitions of "eligible recipient" and "required contributor" are now outdated and require modernization. In addition, eligibility to receive funding is no longer limited to LECs, and is considered separately from a TSP's revenue.
13. The current Articles and Shareholders Agreement refer to the contribution regime established in 1997 and not the Broadband Fund. Updates are required to reflect these changes and to provide flexibility for future modifications to the CTCC.

Conclusion

14. The Commission has reviewed the CTCC's application and considers that the proposed changes to the Articles and the Shareholders Agreement are justified and consistent with recently approved decisions. The proposed changes are also in line with the current practices of the NCF, which reflect the establishment of the Broadband Fund.
15. The Commission therefore approves the amendments to the Articles and the Shareholders Agreement.

16. The Commission directs the CTCC to file a copy of the certificate of Amendment of Articles with the Commission within **30 days** of its issuance by Innovation, Science and Economic Development Canada.
17. The dissenting opinion of Commissioner Bram Abramson is attached to this decision.

Secretary General

Related documents

- *Broadband Fund policy review – New policy for funding capital projects*, Telecom Regulatory Policy CRTC 2024-328, 12 December 2024
- *Canadian Numbering Administration Consortium, Inc. – Application to amend the unanimous shareholders agreement*, Telecom Decision CRTC 2021-333, 1 October 2021
- *Establishment of the Canadian Secure Token Governance Authority*, Compliance and Enforcement and Telecom Decision CRTC 2019-403, 9 December 2019
- *Policy framework for Certified Independent Production Funds*, Broadcasting Regulatory Policy CRTC 2016-343, 25 August 2016
- *Review of the structure and mandate of the Commissioner for Complaints for Telecommunications Services Inc.*, Broadcasting and Telecom Regulatory Policy CRTC 2016-102, 17 March 2016
- *Structure and mandate of the video relay service administrator*, Telecom Regulatory Policy CRTC 2014-659, 18 December 2014
- *Broadcasting Participation Fund*, Broadcasting Regulatory Policy CRTC 2012-181, 26 March 2012
- *Canadian Local Number Portability Consortium Inc. – Amended and Restated Unanimous Shareholders Agreement*, Telecom Decision CRTC 2010-725, 29 September 2010
- *Canadian Broadcast Standards Council*, Public Notice CRTC 1991-90, 30 August 1991
- *Guidelines for developing industry standards*, Public Notice CRTC 1987-9, 9 January 1987

Dissenting opinion of Commissioner Bram Abramson

1. Industry collaboration bodies, often established as corporate entities, play a quietly indispensable role delivering shared services within Canada's telecommunications and media sectors. Some of these entities' existences are mandated or encouraged directly by the Commission, in which case our work includes high-level oversight of governance and core supply arrangements. Such core regulatory¹ creatures include, in addition to the Canadian Telecommunications Contribution Consortium Inc. (CTCC):
 - Broadcasting Participation Fund (BPF), Inc.,²
 - Canadian Administrator of VRS (CAV), Inc.,³
 - The Canadian Broadcast Standards Council,⁴
 - Canadian LNP Consortium Inc.,⁵
 - Canadian Numbering Administration Consortium Inc.,⁶
 - Canadian Secure Token Governance Authority (CSTGA) Inc.,⁷
 - Commission for Complaints for Telecom-television Services Inc.,⁸ and
 - the various Certified Independent Production Funds.⁹
2. In most cases, our goal is to ensure these core regulatory creatures serve as efficient, effective vehicles for streamlined program administration. Balancing stakeholder interests in a way that minimizes conflict and achieves the body's broader objectives equitably, serves that goal.
3. Sometimes we review these creatures' governance as part of broader mandate reviews. Otherwise, we tend not to concern ourselves with their governance unless an application is filed. Generally, such an application will come from the creature itself by way of update. Sometimes the application includes a cursory explanation. Often the

¹ As distinguished from self-regulatory entities, like txt.ca or Device Check Canada, both administered by the Canadian Telecommunications Association. While these programs operate in the shadow of regulation, they are not directly incorporated into the regulatory process. See, by contrast, Public Notice 1987-9 in relation to some of the general characteristics of core regulatory programs.

² See Broadcasting Regulatory Policy 2012-181.

³ See Telecom Regulatory Policy 2014-659.

⁴ See Public Notice 1991-90.

⁵ See Telecom Decision 2010-725.

⁶ See Telecom Decision 2021-333.

⁷ See Compliance and Enforcement and Telecom Decision 2019-403.

⁸ See Broadcasting and Telecom Regulatory Policy 2016-102, paragraphs 140-153.

⁹ See Broadcasting Regulatory Policy 2016-343, paragraphs 145-151.

revised governance documents attached to the application are difficult to review, whether due to confidentiality over-claims or poorly scanned files. Rarely do consolidated versions show the effect of proposed changes or redline comparisons to previous versions provided. Very rarely are non-insider stakeholders well-resourced enough, and moved enough, to overcome gaps in the file to the level required to study things closely to determine whether there is an issue that needs raising.

4. That is a shame. The overall general approach is one in which a perfunctory public process is held, but little effort made to seed that public process with the tools that would facilitate public participation. This no-fuss, no-muss approach feels distinctly workmanlike. It is not. Corporate governance is a much-studied art, but there is some consensus around the need to steer a middle road. Layer on too many frills and end up with an overengineered mess. But shove things through too quickly and live with sub-par processes unable to adapt when they need to, building in inefficiencies that eventually grind things to a standstill. A relatively short public proceeding provides for an arm's-length review of arrangements that, properly seeded with a transparent record, can help steer the entity between Scylla and Charybdis, having both in plain sight.
5. Procedurally, the CTCC is to be congratulated for reversing course to avoid some of the procedural pitfalls that would have veered it too close to one of the perils. When it applied to renew its sole-sourced agreement with the long-standing National Contribution Fund administrator, a vehicle of Welch LLP, it eventually provided much of the relevant documentation on the public record.¹⁰ By the time it filed the current application to update decades-old constating documents, electronic copies and a redline were included, streamlining the review process. Other coregulatory creatures ought to follow the CTCC's lead.
6. Substantively, however, I depart from the decision reached by a majority of the Telecommunications Committee, made on behalf of the Commission.¹¹ I agree that the change in the competing interests of potential CTCC members since 2016 justifies a change in the way the corporation's governance manages these competing interests, as highlighted in paragraph 3 of the majority decision. But it is not clear why a structure in which there are assumed to be no more such interests to balance was the better approach, nor what other approaches were considered.
7. For instance, the Commission's own review of Broadband-Fund-related policy issues has drawn a hard line between Indigenous-owned-and-controlled and other carriers, creating a different approach for Indigenous recipients and instituting a separate

¹⁰ See CTCC, Response to CTCC(CRTC)29-01-24 (File 8695-C211-202306852), 2 February 2024.

¹¹ See Telecommunications Committee, By-Law No. 10, paragraph (e): "Any act or thing done by the Telecommunications Committee shall be deemed to be an act or thing done by the members."

Indigenous Fund stream.¹² Could their different interests translate to different industry interests that ought likewise to be represented?

8. Likewise, contributors with \$200 million or more in consolidated contribution-eligible revenues are subject to different and more onerous rules than contributors whose contribution-eligible revenues stand between that threshold and the \$10 million revenue floor. And then there are those that are to be recipients, but whose contributions do not, and are not likely soon to, rise to the floor that would make contributors of them. To what extent do these differently-sized telcos have different interests, particularly regarding oversight by the CTCC—whose very purpose is to supervise the fund administrator and its related procedures—in respect of administrative burden?
9. None of these questions are addressed on the record of this proceeding. Nor would it have been simple to do so, because in one fell swoop the applicant both selected an answer to them, falling on the side of collapsing the balancing of interests to a single category; and implemented that answer, in the form of proposed revisions to the Unanimous Shareholders Agreement. To dig into or potentially unwind this approach post-implementation would have been challenging.
10. While that is the basis for my dissent on this particular application, it is difficult not to tie the suggested approach to the Commission's broader stewardship of coregulatory creatures like the CTCC which, in my view, would be much improved through greater consistency and clarity, as follows.
11. First, applicants ought to file originals and redline comparisons—minimizing confidentiality claims to what is justifiable and accounting for changes clearly.
12. Second, where significant governance changes are contemplated, as here, applicants ought to consider separating design and implementation into separate consultative steps, allowing for clearer problem definition, targeted feedback, and adaptive delivery.
13. Third, coregulatory creatures ought to be required to undertake external governance reviews periodically—for instance, on three- or five-year cycles—and, in any case, included with any application to revise governance and constating documents. Would such a requirement be worth it? Weigh:
 - the significant assets under management by such creatures, heightening the risk to be mitigated;
 - the occasional nature of such applications and presence of a well-developed external governance review industry, each lowering the cost of doing so;

¹² See Telecom Regulatory Policy 2024-328.

- the resulting enhanced public record, including an easier, more holistic, and more effective review process.

The scales are, in my view, tipped.

14. Not all corporate industry collaboration bodies in Canada's telecom and audiovisual sectors are coregulatory creatures. But enough are that we ought to have a more systematic and more efficient approach to how we steward them. I have suggested such an approach here. Absent one, these entities must each fashion an approach on an *ad hoc* basis that runs some of the risks outlined above. That is unfair both to the industry members who, in many cases, volunteer their time to assist these coregulatory creatures off the sides of their desks; and to other stakeholders who expect fair, repeatable, predictable, and understandable processes.