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House of Commons Standing Committee on Industry, Science and Technology

Study on Broadband Connectivity in Rural Canada

October 11, 2017

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Standing Committee on Industry, Science and Technology
House of Commons
Ottawa, Ontario
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Subject: Study on Broadband Connectivity in Rural Canada

Dear committee members:

On behalf of the Federation of Canadian Municipalities (FCM), I would like to thank you for the opportunity to contribute to your study on broadband connectivity in rural regions. FCM appreciates your continued engagement on this issue that is critical to enhancing the quality of life of Canadians across the country.

FCM has been the national voice of municipal government since 1901. With 2,000 member municipalities, FCM represents the interests of municipal governments on policy and program matters that fall within federal jurisdiction. Members include Canada's largest cities, small urban and rural communities, and provincial and territorial municipal associations.

FCM has long advocated for increased federal involvement in developing the telecommunications infrastructure that is critical to the social, cultural and economic vibrancy of Canada's rural, northern and remote communities. FCM has actively participated in previous federal consultations on telecommunications services, including rural broadband spectrum allocation and the Canadian Radio-television and Telecommunications Commission's (CRTC) definition of basic telecommunications services, and the development of federal broadband funding programs such as *Connecting Canadians* and *Connect to Innovate*. FCM also commissioned a major report in 2014 on rural broadband availability in Canada, [*Broadband Access in Rural Canada: The role of connectivity in building vibrant communities*](#), and has developed a series of recommendations regarding northern connectivity.

As you undertake this study on rural broadband connectivity, FCM offers the following recommendations to ensure the role and needs of municipal governments are adequately reflected in the federal plan to improve rural connectivity.

Funding programs

In December 2016, FCM welcomed the Government of Canada announcement that their new broadband program, *Connect to Innovate*, would invest up to \$500 million by 2021 to bring high-speed Internet service to rural and remote communities in Canada. Furthermore, FCM applauded the CRTC announcement, in December 2016, of a universal service objective. The objective determined that Canadians in urban as well as rural and remote areas should have access to voice services and broadband Internet on fixed and mobile networks. In particular, the CRTC set the target speed of 50 Mbps download/10 Mbps upload for fixed broadband services, with an unlimited data option for fixed broadband services. FCM continues to support the need for broadband speed targets to be re-evaluated on a predictable and ongoing basis to reflect present realities, including technological advancements and changes in user needs, traffic and network capacity. In order to reach the universal service objective, long-term predictable funding and contributions from the federal government are needed, in addition to existing provincial funding programs. Predictability will enable project proponents to make long term decisions with regards to the choice of technology, roll out of services and service packages.

Based on feedback from some FCM member municipalities, the definition of “eligible underserved geographical areas”, established for the purposes of allocating funding under the *Connect to Innovate* program, may be inaccurate or incomplete. Specifically, there may be a discrepancy between reported service and actual access to adequate service speeds and quality, which in turn may prevent underserved communities from accessing funds. FCM recommends that flexibility and acceptance for corrections to eligibility maps be emphasized in the application process for any future programs. Municipalities have on the ground knowledge about the challenges their communities face in accessing broadband and can assist in providing important input into data collection. In sum, in future funding programs, local knowledge must play a greater role in data collection to ensure that accurate and up to date information is used when funding decisions are made.

It is clear that the unique conditions and characteristics of Canada’s rural and remote communities will require different technologies for accessing affordable and reliable broadband Internet service. Given these diverse needs, FCM supports flexibility in defining eligible broadband infrastructure in federal funding programs. For example, both backbone and last mile components of broadband infrastructure are necessary elements in the development of universal access to broadband services. An exclusive focus on last mile projects would leave behind rural communities that do not have a modern backbone infrastructure. As such, the backbone and last mile

components should be viewed as complementary in the development of broadband services and should be seen as equally important.

Moving forward, selection of projects to be funded should be identified using the most comprehensive picture of broadband coverage based on local data, and the size, scope and nature of the “broadband gap” between urban and rural communities. Hardest-to-serve areas should be prioritized by government funding programs, where market forces cannot be reasonably expected to deliver services.

The municipal role in delivering broadband services

FCM welcomes the inclusion of municipalities as eligible applicants for program funding to develop broadband infrastructure. Some FCM members have taken innovative approaches to maintaining and delivering broadband services based on their communities’ needs, and many local governments have the capacity and expertise to partner with Internet service providers and with other orders of government to develop networks within a federal, provincial or territorial funding framework. However, there are many municipalities that do not have the fiscal capacity to act as a funding partner for the delivery of these services. This reflects the limited fiscal tools of local governments and the particular challenges of small municipalities in rural, northern and remote areas with low population density and responsibility for critical municipally owned core infrastructure such as roads, bridges and water systems. It is important to keep this in mind in the design of future funding programs.

Furthermore, a long-term federal funding framework is needed to reach the CRTC’s objective of universal access to broadband Internet. In the future, it will be critical for the federal government to develop long-term funding programs beyond the five-year timeframe for the *Connect to Innovate* program, in order to continuously improve broadband coverage and capacity in Canada’s rural and remote communities. This long-term funding should be complimentary to the direction taken by the CRTC on basic telecommunications services.

FCM recommends that future federal funding be aligned with provincial and territorial broadband funding programs. Greater coordination and consistency between federal and provincial or territorial funding programs is needed, as there are cases where municipalities alone cannot meet evolving consumer needs without the collaboration of all orders of government.

Affordability

FCM believes that a lack of broadband adoption on the part of Canadians is due, to some degree, to the issue of cost. Achieving the basic service objective will not be possible without ensuring that all Canadians have equitable access to broadband services at affordable prices, which would mean that costs do not prohibit access for

anyone using the system, regardless of geographic location. For this reason, in the development of a federal plan to improve rural connectivity, affordability should be prioritized. The federal government has a critical role to play in reducing the significant price disparity for broadband services between urban and rural communities.

Enhancing northern and remote connectivity

Northern Canada faces a number of barriers that inhibit residents' meaningful participation in today's digital economy, including a lack of service parity across these communities and with southern Canada, and high system vulnerability highlighted by service outages and technical failures. Many communities are served by connections with a lack of redundancy, which means there is no backup connection in the case of a service failure, and are delivered through satellite-based services with download speeds at or below 5 Mbps. This limits the ability of households in northern Canada to access online services and participate in the digital economy. FCM welcomed the September 2017 announcement of close to \$50 million in funding through *Connect to Innovate* to improve high-speed coverage across Nunavut. This funding will help to build the backbone satellite network needed to make higher-speed Internet available in communities across Nunavut. Securing northern and remote area access to broadband networks will provide competitive advantages found in other parts of the country and contribute significantly to economic development, health, education and safety.

It is important that the federal government ensure that investment strategies for northern and remote communication networks help achieve service parity among northern communities and with southern urban centres, and that every northern community has a redundant connection in order to prevent gaps in essential communication services. In order for service parity to occur, the federal government needs to develop a specific strategy for satellite-dependent communities in the territories and the northern portions of the provinces that recognizes the particular challenges of remote communities, and aligns with long-term federal funding programs and the CRTC's approach to basic telecommunications services. In addition, the federal government should encourage projects in northern Canada which use different underlying technologies that can accommodate evolving broadband speeds.

RECOMMENDATIONS

As the committee continues to examine how the federal government can address the broadband gap and reduce the significant lag-time in bringing faster speeds to rural and remote areas, we ask that you consider the following broad objectives to ensure that all Canadians have access to affordable and reliable broadband service:

1. Federal funding programs for the development of broadband Internet should prioritize extending broadband access to under-served areas.
2. The federal government should utilize local knowledge in data collection to ensure that accurate and up to date information is used when funding decisions are made.
3. The federal government should commit long-term predictable funding to the development of broadband Internet access in rural, northern and remote communities, and should consult with local governments in developing funding programs and strategies.
4. The committee and the federal government should consider affordability in the development of broadband infrastructure to ensure access for all Canadians, whether they live in large cities or rural, northern and remote communities.
5. The federal government should develop investment strategies for northern and remote communities to bring their Internet services up to the standards of urban centres, including speed and redundancy, and should enact a specific strategy for satellite-dependent communities to achieve service parity.

We look forward to continuing discussions with the Standing Committee throughout this study on rural broadband connectivity, and we would welcome the opportunity to appear before the committee.

If you or your staff have any questions about our submission, please contact Hardave Birk, Government Relations Advisor at (613) 907-6331 or hbirk@fcm.ca.

Sincerely,



Jenny Gerbasi
Deputy Mayor, City of Winnipeg
FCM President