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• (1705)

[English]

The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.)): Good evening everyone. I now call this meeting to order.

Welcome to meeting number 15 of the House of Commons Standing Committee on Industry, Science and Technology. Pursuant to the order of reference of Saturday, April 11, the committee is meeting for the purpose of receiving evidence concerning matters related to the government's response to the COVID-19 pandemic.

Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

I would like to remind you—members and the witnesses—to please wait until I recognize you by name before speaking. When you are ready to speak, please unmute your microphone, and then return to mute when you are finished speaking. When speaking, please speak slowly and clearly so that the translators can do their work.

I'd like to now welcome our witnesses.

From Cogeco, we have Madam Marie-Hélène Labrie, senior vice-president and chief public affairs and communications officer; and Mr. Leonard Eichel, senior director, regulatory affairs. From Rogers Communications, we have Dean Prevost, president, Rogers for Business; and David Watt, senior vice-president, regulatory. From Telus Communications, we have Tony Geheran, executive vice-president and chief customer officer; and Mr. Stephen Schmidt, vice-president, telecom policy and chief regulatory legal counsel. From Xplornet Communications, we have Charles Beaudet, vice-president, eastern Canada; and C. J. Prudham, chief legal and regulatory officer.

Each witness will present for seven minutes, followed by rounds of questions. We will start with Cogeco.

You have seven minutes.

[Translation]

Ms. Marie-Hélène Labrie (Senior Vice-President and Chief Public Affairs and Communications Officer, Cogeco Inc.): Good morning. Thank you, Madam Chair and members of the committee, for this opportunity to present Cogeco's response to the COVID-19 pandemic.

[English]

Cogeco is a communications company headquartered in Montreal that provides video, Internet and telephony services in Canada and the United States to residential and business customers. We are also a leader in the Quebec radio industry, with 22 stations across the province.

Cogeco was founded in Trois-Rivières by the Audet family more than 60 years ago. Through the years, we have maintained our entrepreneurial spirit, taken risks and have made significant ongoing investments in network infrastructure.

We are a regional player serving small and medium-sized communities, including rural areas. Our Canadian network reaches from Windsor, Ontario, to Gaspé, Quebec, and serves more than 427 communities. All of our customers are served by employees based in our footprint. We employ more than 3,150 people in Canada and maintain solid relationships with the communities we serve.

The pandemic has had a significant impact on our company. More than ever, access to our services is of paramount importance for the communities we serve. We have proactively managed the crisis to ensure that we continue our operations, protect our employees and serve our customers.

Let me give you specific examples of how we have managed through this pandemic.

We transitioned all of our contact centre employees and office employees to work from home very rapidly. We converted in-person customer visits by our technicians to self-installation and remote repairs. We transitioned all store operations to be handled either online, by phone or by email. We increased network capacity to handle higher traffic. We provided video content for free. We also provided customers with temporary relief by committing to keep customers with payment difficulties connected and by temporarily removing Internet data overage fees for customers not already subscribing to unlimited plans.

We also adapted our charity support activities as well as our community television programming. Cogeco donated to the COVID-19 emergency fund of the United Way of Greater Montreal, and we are also supporting several food banks in our local communities. Cogeco also participates in the connecting families initiative, offering discounted Internet services to lower-income families.

Our network continues to experience significant increased utilization during this time of confinement. Our technicians and engineers are working tirelessly to actively monitor traffic and to ensure the continued stability of our network.

Since the beginning of the crisis, Cogeco has seen 60% greater use of our Internet services during the day. We've also seen a 40% increase in traffic for our video-on-demand services and growth of between 20% to 40% for other video streaming services, including Netflix, as well as 45% additional usage of our telephony services.

We are able to meet this increase in demand thanks to the capacity, reliability and robustness of our network. This is only possible because of our ongoing investments in maintaining, upgrading and expanding our infrastructure.

• (1710)

Mr. Leonard Eichel (Senior Director, Regulatory Affairs, Cogeco Inc.): Since the beginning of our cable operations in 1972, Cogeco has invested massively in infrastructure to build a robust network to meet the continually growing needs of consumers for speed, data capacity and access in underserved areas. The current crisis has revealed how vital our role is. However, every day we see that Canadians still have a need to be connected or to receive higher Internet speeds.

Cogeco has committed to invest more than \$1 billion over the next four years in the operation and expansion of our regional network. We are working closely with many municipalities to extend our network so that we can deliver high-speed connectivity to as many residents, families and businesses as possible. We hope the universal broadband fund announced last year can be launched quickly and that the CRTC can receive project proposals for the broadband fund very soon.

However, there are two important barriers to the deployment of our digital infrastructure. The first is access to support infrastructure. There are excessive delays in obtaining necessary permits for accessing support structures, such as poles, or municipal rights-of-way. These delays are slowing down more than 50 of our network expansion projects, which include hundreds of pending permits, preventing us from connecting close to 12,000 Canadian homes in a timely manner.

The second is the CRTC wholesale rates for high-speed Internet. We are very concerned by the CRTC's decision on wholesale rates and the negative impact it would have on rural and regional network investments going forward in Canada. Allowing independent service providers, often called resellers, to use our network at heavily discounted wholesale prices that are below our own cost, with no obligation for them to invest in network capacity, will not ensure ongoing and sustainable investment by Cogeco in its regional network.

Finally, we would like to bring to your attention that the regional market for mobile wireless services in Canada continues to be characterized by very limited competition and very high barriers to entry. Unlike the Internet market, there was no regulatory obligation for incumbents to provide new entrants access to their network. Mobile wireless spectrum, which is required to launch a wireless business, is scarce, as most of it has already been allocated. It is also expensive to acquire, as options have been designed for large operators and not for smaller regional ones.

Cogeco has the foundation to become a new entrant in this market. We have the broadband infrastructure required to build a wireless network. We already have some spectrum licences. We have customers in small cities and regional municipalities where 3.9 million Canadians live and work, and we have the investment capacity.

We believe that the solution can be found in a balanced regulatory regime that allows new companies to enter the wireless market in a sustainable way. With the proposal we made to the CRTC in February, regional wireline network companies like Cogeco would be granted regulated access to portions of the national incumbent's wireless network, while also being required to continue to invest in infrastructure.

The Chair: Thank you so much.

Our next presentation comes from Rogers Communications.

You have seven minutes.

• (1715)

Mr. Dean Prevost (President, Rogers for Business, Rogers Communications Inc.): Thank you, Madam Chair, and welcome, everyone.

Good afternoon. I am Dean Prevost, president, Rogers for Business, at Rogers Communications. I am joining you today from Calgary. With me in Toronto is my colleague David Watt, senior vice-president, regulatory, at Rogers. We appreciate this opportunity to appear.

Rogers understands that we provide critical services, and we have stepped up to the challenges during this period. We've been focused on protecting our employees and customers and ensuring Canadians stay connected. We thank our front-line teams that are working hard to deliver critical services to our customers.

We are going to address our network performance, how we have addressed our operating challenges, our support programs for our customers and our country's challenges with high-speed rural Internet service.

Our networks provide the foundation for our lives today. With great efforts from our engineers and technicians, our networks are meeting the challenge. Throughout the average day, home Internet usage is up over 50%, while voice-call usage on our wireless network is up 40%. On average, our customers are making over 50 million wireless voice calls per day. Meanwhile, 1-800 toll-free calls are up over 300%. We augmented our 1-800 lines for the federal government support programs in record time, significantly increasing capacity to 40,000 simultaneous calls. Canadians are relying on us, our connectivity and our resilient networks.

Our engineering and field technicians are front-line heroes, maintaining our services and supporting health care providers in many ways, including deploying temporary cell sites on wheels to increase capacity to hospitals; running fibre in parking lots and fields and extending fixed wireless to create new COVID-19 testing centres; and bringing more Wi-Fi to hospitals, seniors homes and homeless shelters.

In order to serve our customers and keep everyone safe, we changed the way we operate almost overnight. We enhanced our self-install services to deliver an easy way for our customers to activate services safely from inside their homes. We closed about 90% of our retail stores, with the open locations providing urgent customer support for our services. Also, we rapidly enabled our customer care team members to work from home. Customers can still call us. Service levels are still strong. In February, we had only 800 care agents serving our customers from home. Today, virtually all of our 7,000 customer care agents are serving our customers from their homes here in Canada.

Many of our customers are facing difficult circumstances. Here are some of the measures we've brought in to assist them.

We're lifting usage caps for home Internet plans, eliminating overage charges. We're waiving Canadian long-distance calling fees for homes and small businesses. We're offering a free rotating selection of TV channels, including children's programming, to keep Canadians entertained.

We've added more flexible payment options and a commitment that customers will remain connected to their service so nobody has to worry about losing their digital lifeline. We're helping small businesses stay productive and connected with free and affordable technologies, including offering Microsoft Teams and Office 365 free for six months. We also waived international roaming fees so that more than 150,000 Canadians stayed connected at no additional cost while they returned home from abroad.

The Rogers team is also focused on helping some of the most vulnerable in our communities. One example is that we're working with the Ontario government, local school boards and Apple to provide learning software enabled iPads with wireless data at no cost to students in need. We're now rolling out this initiative in other provinces, including with the Winnipeg School Division in Manitoba.

In addition to this and other local efforts, we've launched national partnerships with community organizations to help the most vulnerable. We've partnered with Food Banks Canada to donate over one million meals, and our employees donated an additional half a

million meals on top of that. We're providing smart phones, in collaboration with Samsung, with six months of free wireless service to Big Brothers Big Sisters of Canada. We've also partnered with women's shelters in Canada to make devices and plans available to help address the rise in domestic violence.

• (1720)

Turning to high-speed rural Internet service, with the enormous size of Canada, there are rural locations where Canadians do not have the Internet service they need. To help, we launched a new Rocket hub wireless plan that includes a larger data bucket with the lowest cost for extra data we've ever offered to help rural Canadians reduce costs if they spend more time working and learning from home.

Unfortunately, where we do not have high-capacity, high-speed wireline networks, we are not able to provide unlimited wireless data for Internet access at home at this time. Put simply, wireline networks take 50 to 200 times the capacity for consumers as rural mobile wireless networks. Removing data caps would simply overwhelm the mobile wireless network, impairing services for everyone in that area, including the first responders and 911 services that rely on it. This is particularly true today, when both students and workers are turning to video, including Skype, Teams, FaceTime and Zoom in an unprecedented way, as we are doing here today.

Network expansions in rural and remote locations take time and funding. As a nation, we need to aggressively address Canada's digital divide together through coordinated public-private partnerships. Sustained investment in networks is essential to help Canadians rebuild our economy. We have some of the best networks in the world, and we need to work in partnership to extend them to all Canadians, as challenging as those economics are.

Thank you for the opportunity to participate in this review.

The Chair: Thank you very much.

Our next group is Telus Communications Inc.

You have seven minutes.

Mr. Tony Geheran (Executive Vice-President and Chief Customer Officer, Telus Communications Inc.): Madam Chair and honourable members, on behalf of Telus I would like to thank the committee for inviting us here today to talk about how we are supporting Canadians through the COVID-19 crisis.

My name is Tony Geheran, and I am the executive vice-president and chief customer officer at Telus and the executive prime of the Telus emergency management operating committee. Joining me is my colleague Stephen Schmidt, our vice-president of regulatory affairs.

COVID-19 has exposed how important connectivity is to all Canadians. Telus is consistently experiencing four times the network traffic compared with our busiest day pre-COVID-19. Our networks have stood up to this test. In fact, Opensignal released a report on Tuesday that shows Canada now has the fastest wireless speeds in the world. This is a direct result of careful planning and long-term investment. As we begin to look toward Canada's economic recovery, it is critical to focus on policy frameworks and continue to maintain a stable regulatory regime that supports and encourages ongoing investment in robust high-quality networks.

At Telus, supporting our communities and our team is at the heart of our corporate culture. Our quick and decisive actions have contributed \$150 million to support Canadians through the COVID-19 pandemic and allowed us to protect our team and preserve our capacity to support the nation. Between March 18 and March 23, we leveraged our existing flexible work styles program to increase our work-from-home rate for our call centre agents from 40% to 99%, in addition to implementing industry-leading safety and physical distancing practices for our teams supporting customers in the field.

We put power behind our Telus Health business, enabling virtual doctor visits through our electronic medical record platforms. Since launching in April, doctors have scheduled more than 30,000 virtual appointments with Canadians. To support at-risk populations, we repurposed our mobile health clinics to help with testing, assessment or emergency quarantine shelters across Canada's major cities.

We committed publicly not to disconnect any customers during this time and offered flexible payment arrangements for those experiencing financial challenges. We waived fees for low-income families enrolled in our Internet for good program and expanded it to include students in need. We've also supported our front-line health care workers through a \$10-million donation from our Future Friendly Foundation.

This only scratches the surface of how Telus is delivering on its social purpose, and I would be happy to share a full list with this committee following this meeting.

I would like to turn now to the question of rural connectivity, a topic of much debate in recent meetings of this committee.

COVID-19 has accentuated the need for high-speed Internet access for Canadians everywhere. Since 2013, we have connected 282 rural communities to the Telus PureFibre network, including 53 indigenous communities, and we have another 50 rural communities planned for this year. Since the start of the pandemic, our commitment to rural connectivity has only deepened. In Alberta and B.C., we accelerated our investment in rural broadband to more than 60,000 Canadians across 32 communities, with an additional 27 in progress.

Here are two examples I'd like to share with you. Our \$7.5-million investment to connect Pemberton and the Lil'wat Nation, a B.C. community of some 2,000 residents, to our PureFibre network was completed last year and was supported by the local developer community, which raised an additional \$250,000 to help the project reach the financial barrier so it could go ahead. These homes and businesses now have access to connectivity of up to one gigabit per second. In addition, in partnership with the Government of Quebec and the Government of Canada, we recently embarked on a project to bring connectivity to the 5,000 residents of 14 hyper-remote communities on Quebec's lower north shore. These are only accessible by air or sea. We expect to complete this project by December, one year ahead of schedule.

Where fixed network costs are prohibitive, we're leveraging our wireless network. We currently serve 80,000 high-speed Internet subscribers through wireless and have invested a further \$9 million to support increased capacity for the usage we are now experiencing. We also connected more than 1.5 million rural Canadians to new or improved wireless LTE coverage between 2015 and 2019.

As you can see, Telus has a long-standing track record of connecting rural communities. We have invested \$5 billion in infrastructure over the past six years, of which \$1 billion has been used to connect 40% of all rural Canadian homes we serve, despite 30% higher build costs.

• (1725)

Telus is the right partner to close the rural connectivity gap. We are committed to finding creative solutions, but we need support from the federal and provincial governments and better spectrum policy. For example, the current practice of setting aside more than 40% of available spectrum for regional providers is not working. Although this practice has been in place since 2008, large amounts of set-aside spectrum remain undeployed in rural areas.

Set-asides have also led Canada to have some of the highest spectrum costs in the world. Additionally, the current 20-year deployment model is not working. More stringent deployment conditions should be attached to all spectrum licences to drive network construction.

With COVID-19 demonstrating how important it is to bring connectivity to all Canadians, it's time we rethink our country's approach to spectrum policy.

Thank you for your time. I look forward to your questions.

The Chair: Thank you very much.

Our next witness is Xplornet Communications. You have the floor for seven minutes.

Ms. C.J. Prudham (Chief Legal and Regulatory Officer, Xplornet Communications Inc.): Good afternoon, everyone, and thank you for the invitation to join you here today. My name is C.J. Prudham, and I am the chief legal and regulatory officer for Xplornet Communications Inc. With me is Charles Beaudet, who is our vice-president of eastern Canada.

We're pleased to have the opportunity to update you on how Xplornet has kept Canadians connected to what matters throughout the COVID-19 pandemic.

Xplornet is Canada's largest rural-focused Internet service provider, connecting nearly one million Canadians. Conquering our country's vast geography by bringing fast, affordable Internet to rural Canada is more than just our business. It's our purpose. We proudly serve more Canadians who choose to live outside the cities.

The needs of rural Canadians who depend on us have been top of mind for Xplornet since the COVID-19 outbreak began just two months ago. Businesses in Canadian cities sent their employees home, including those who commute from rural communities. Rural Canadian businesses have also sent their employees to work from home. Rural schools are closed with teachers trying hard to stay connected to their students. Rural families are trying to keep in touch through Zoom and FaceTime. In short, life has moved online, as much in rural Canada as in our cities.

At Xplornet we've observed an increase in traffic in our network of 30% to 40% throughout the day. Our network operations team works 24-7 to balance this demand and to ensure our customers receive the best Internet experience. We recognize that this additional usage has not been a choice for our customers, and we understand the financial pressures many rural Canadian families face right now. That's why Xplornet has suspended data coverage fees until the end of June.

More broadly, the pandemic has demonstrated the critical importance of expanding access to rural broadband. The remote work, video meeting and online learning tools we have all become all too familiar with recently are enabled by fast, affordable Internet connection.

At Xplornet we recognize several ingredients that are necessary to ensure Internet access in rural Canada keeps pace with that in the city. The first is access to wireless spectrum. Whether it is LTE fixed wireless, 5G or hybrid fibre wireless technologies in use, spectrum is the oxygen that our network needs to breathe. More literally, it's the radio waves that carry the data between our customers and the Internet.

While data consumption by all Canadians, rural and urban, in their homes has exploded in recent years, Canada has not consistently pursued a balanced spectrum policy that provides for the needs of both urban and rural Canadians. The present 3500 megahertz auction is the first process to contemplate spectrum for fixed wireless home connection in more than five years, despite the fact

that residential Internet use has increased nearly 500% during that period.

There is no question that rural Canada needs access to spectrum to keep pace and to enjoy the different but equally important benefits that hybrid fibre wireless and 5G technologies can deliver in rural areas.

On that note, I would like to turn it over to my colleague, Charles.

• (1730)

[Translation]

Mr. Charles Beaudet (Vice-President, Eastern Canada, Xplornet Communications Inc.): Thank you, Ms. Prudham.

Over the past five years, Xplornet has invested more than \$1.5 billion in its facilities and network to expand its coverage while increasing the speed and amount of data available to its customers.

Last year, we announced an additional \$500-million investment to bring 5G and hybrid fibre to rural Canadians.

In 2019, Xplornet launched an unlimited data offer to all its customers. This unprecedented decision made unlimited data available to rural Internet users in all provinces and territories in Canada. We also began doubling download speeds to 50 megabits per second across Canada. Over the next three years, Xplornet will bring download speeds of 100 megabits per second and unlimited data to 1.5 million households that were previously unserved in rural areas. All of this will be funded by private capital.

Thanks to innovation and private investment, Xplornet will, with a strong lead, surpass the Government of Canada's goal of providing broadband connectivity by 2030.

To enable these advances, we are using the same technologies that are currently deployed in major Canadian cities—fibre and advanced 5G wireless technology—to enable rural Canadians to access the same speeds and amount of data as those in urban areas. With these advances, Xplornet is focusing all its efforts on bridging the digital divide between regions.

We recognize that the Government of Canada has a role to play in providing targeted funding to accelerate the construction of services. These public investments are helping to accelerate and enhance our planned deployments. In addition, we look forward to the launch of the universal broadband fund program.

In the Quinte region of eastern Ontario, Xplornet is connecting more than 40,000 households to the hybrid fibre wireless network, which will provide access to speeds of 100 megabits per second for rural residents. This project is supported by the connect to innovate program, and we look forward to new projects under this program in Prescott-Russell and Northumberland Counties in the near future.

Xplornet is also working with the support of Infrastructure Canada to install hybrid wireless fibre networks in Nova Scotia, New Brunswick and Prince Edward Island.

Finally, the deployment of broadband projects in rural areas should not be delayed due to bureaucratic procedures.

Thank you very much, Madam Chair.

• (1735)

The Chair: Thank you very much.

[English]

We will now begin our first round of questions. Our first six-minute round goes to MP Patzer.

You have the floor for six minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Madam Chair.

My first questions will be directed towards Rogers.

Can you define for me what you would describe as “rural” for the purposes of providing broadband?

Mr. David Watt (Senior Vice-President, Regulatory, Rogers Communications Inc.): It's Dave Watt here. I'll take the first shot at that. Dean may follow up.

I think we would consider “rural” to be the same metric as Statistics Canada does, that is, communities with a population of less than 1,000 and areas where the density of population is 400 or fewer per square kilometre. In this way, we're working from the common definition that the CRTC uses, and StatsCan as well.

Mr. Jeremy Patzer: Right on.

Do you think it's worth providing high-quality reliable connections to rural Canadians in this current environment? There have been a lot of threats from the big three about cutting spending to rural Canadians due to some of the regulatory changes the CRTC is making.

If you're threatening to cut to small towns, is it worth making that investment?

Mr. David Watt: I think what you're likely referring to are the comments in reaction to the CRTC decision last August with respect to the wholesale Internet rates set by the commission at that time, which Mr. Eichel from Cogeco referred to in his comments.

Should those rates go into effect, there would be a dramatic loss of revenue. This certainly would put pressure on the infrastructure builders and make it more difficult to expand our services. It's really not a threat. We want to serve rural Canada. We do serve rural Canada. We know how important it is.

Mr. Jeremy Patzer: There is one other thing I want to ask you quickly.

You have provided relief during COVID for people who have a data cap on their home Internet service. Why, in this day and age, is it acceptable to even have a data cap on a home Internet service?

Mr. David Watt: About 80% of our customers do not have a cap on their home Internet service. They have taken unlimited service.

Those who've chosen to take a package that has a cap are paying a lower price. There are certain Canadians with certain income abilities who will want a lower price.

Simply put, traffic has costs. I know that one bit doesn't cost a lot, but when you add up the trillions and trillions of bits, they cost a lot. This is why Rogers invested \$2.9 billion last year in capital expenditures. I know you can't see it going through the ground or through the air, but there are massive expenditures in fibre optics, under the ground, in towers, in radios, etc.

Mr. Jeremy Patzer: Sure. It's just that if people want that lower cost, usually it's because they can't afford the higher rates, but they still deserve to have the full access that other people have.

My next questions will be for Telus.

In 2014, Ted Woodhead was threatening to reduce investment in rural Canada. Recently, Darren Entwistle also made similar threats, saying that you're going to cut 5,000 employees and reduce your spending by about a billion dollars. Yet, you're saying here that you're committed to rural Canada.

If you keep making threats like that, how committed to rural Canada are you?

Mr. Tony Geheran: We don't keep making threats. You cited two examples. That's not a pattern.

For sure, if you're going to have policy that will fundamentally undermine an investment strategy, you have to act accordingly. If policy is going to change so dramatically that it would undermine future capital investments and the returns we would need to generate, we would certainly withdraw our investment.

However, with respect to broadband, the proof of the pudding is in the eating. We've invested \$6 billion already in fibre infrastructure, and, as I said, \$1 billion of that was for what we would call “rural and small communities”. When I define a small community, it's 5,000 in population down to 20 to 40 people. In some cases, we've gone to places as small as 10 homes. They were on the edge of a boundary of a network, and we were able to justify it and make the economics work because we were there building at the time.

We are committed. If the regulatory policy is stable and the return economics are viable, we would continue to invest. We want to grow our network infrastructure. We want to connect more Canadians. We just want a regulatory environment and a framework that we can rely upon.

• (1740)

Mr. Jeremy Patzer: My next questions are going to be for Xplornet.

I was looking at your website about how you're working with different levels of government to provide affordable Internet to rural areas. However, it only lists three provinces: Ontario, B.C., and Alberta. Why is it just those three provinces?

Ms. C.J. Prudham: Those happen to be the three that are listed on the website, but that's certainly not a full list, by any stretch of the imagination.

We've recently announced projects with P.E.I., for example, and Nova Scotia. In particular, we note that the Nova Scotia one has been sped up, specifically to address COVID-19. We're working with them to accelerate that to connect more people in the Cumberland—Colchester area.

Mr. Jeremy Patzer: I'm from Saskatchewan. I spent 10 years working in telecommunications.

In my journeys across the province—from all different sides of the province—I haven't heard a single person say that their Xplornet service has been satisfactory. I'm curious as to why that would be.

Ms. C.J. Prudham: I can't speak to that. Obviously, I don't know.

I'm sure there are people with every service who are not happy. I can say that we put the customer first. We do extensive customer interviews. We subscribe to the NPS, net promoter score process, and have excellent results.

The Chair: Thank you so much. That's the end of that tour.

The next six-minute round goes to MP Longfield.

You have six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, everybody, for being with us and discussing issues around COVID, how it's changing your businesses, and what we can be learning, going forward, in terms of regulatory support. Obviously, your business models are changing drastically in terms of volume and in terms of data management. That came out in your discussion.

I have two areas I'd like to explore: the regulatory system itself and working with the CRTC. They've changed spectrum processes. We made some recommendations on eliminating the beehive-type density patterns that we had been using in the past. How has working with CRTC been going? We had the review in February. Since then, has there been any further work with CRTC?

That's for Cogeco, perhaps, or anybody else.

Mr. Leonard Eichel: We have been working with the commission in terms of being able to better define the mapping and so on. We're also working with them to update and modernize the information they have from all the different carriers.

With respect to ISED and their hexagon mapping issues, we're certainly having a look at what they will propose to see whether it's beneficial to us or not.

Mr. Lloyd Longfield: Terrific.

To stay on that one—the clock is ticking here—I was working with the University of Guelph. I know there's been a Yale review panel as well with industry and academic collaboration around these types of issues. The R2B2 program at the University of Guelph is a rural and remote broadband study that's going on under confidentiality agreements. I signed an agreement in order to see their work. They're looking at the commercial platforms as well as the technical platforms.

Looking at safe places to do these studies, could any company that's here tonight address how we're working with academic institutions as safe places to review commercial and technical matters that can then come toward CRTC and government bodies?

• (1745)

Mr. Dean Prevost: Maybe I could give a little bit of context. We're focused on the 5G space, which, as you know, is new technology being deployed across the world now for wireless, bringing speeds and capacities and coverage that we haven't seen prior. We've been using that as an anchor point for work with the University of British Columbia, Communitel down in southwestern Ontario, and a number of other universities. It's very similar to what you just described, as a place to bring real-world problems and to have university and research capability.

Frankly, some campus locations provide a nice little hotbed to test the capability of these types of services—at UBC, for example, for things like autonomous vehicles and sensor and IoT tracking. That's one way we've done it in a handful of locations across the country.

Mr. Lloyd Longfield: It really seems like we are at a pivot point. Personally, I didn't know what a Zoom was until COVID hit. Now everybody is seeing other uses, new uses, and remote working. People are saying that sometimes remote working is better than working in an office.

Business is going to change in terms of what they're going to ask from networks. I wonder about the capacity for us to deal with those questions, both from industry as well as from government regulations.

Mr. Dean Prevost: We would agree with that comment. Our organization exists across this country, and as we think about that time when we return to work—hopefully, reasonably and safely soon—with 26,000 employees, we need to think about how we do that. That will lead to a very different way in which we deploy our forces across the country and a different way in which we use our real estate.

As we do that, it leads to different thinking in terms of the technology and the capabilities we have that will allow people to connect—like this—in [*Technical difficulty—Editor*] environment.

Mr. Lloyd Longfield: This one is for the group. In the last Parliament, I was on the industry committee, and we did a study on broadband. We saw the competing interests of rural versus urban, profit in the urban centres, no profit in the rural centres, small users, large users, MVNOs entering the market and taking up some pipeline, and then the United States and some of the priorities that were being put through the United States in terms of giving preferential treatment to some customers.

These issues are very tricky, and I think the CRTC needs to...or maybe we as politicians need to look at the CRTC structure and see how we could give support in a different way for you to bring your product to market.

We have a nod of the head from Rogers.

Mr. Dean Prevost: Is it complicated? Exactly, yes it is.

Mr. Lloyd Longfield: Thank you.

I'm out of time.

The Chair: Thank you very much.

[*Translation*]

Mr. Lemire, you have six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Madam Chair.

At the last meeting of our committee, Deputy Minister Kennedy told us about the desired mechanism, which is that for every dollar invested by the federal government in rural broadband access, but also in all government programs, the private sector should invest one dollar.

My question is for the people from the companies here today who are service providers.

Are you satisfied with existing programs? At this time, is it still appropriate to invest in the construction and maintenance of the network? By "appropriate" I mean cost-effective. Is it cost-effective for service providers to invest in the regional network in 2020?

Ms. Labrie from Cogeco could answer first.

Ms. Marie-Hélène Labrie: Good evening.

That's a good question. Our main activity is to invest in the regions. Obviously, the population density is lower there than in urban areas. We are committed to investing in the regions.

The farther away you go from major centres, the more you find regions that are underserved or not served at all. Of course, this costs even more, hence the importance of establishing partnerships with the various levels of government. Over the past year, I think there has been an impetus on the part of the federal and provincial governments to work together. Everyone can work together.

We made recommendations regarding the federal connect to innovate program. The next program is the universal broadband fund. We have made recommendations to improve the programs, includ-

ing clarifying the criteria, which we sometimes found to be too vague.

We also want to make sure that this program is technologically flexible and that we don't necessarily focus on the transport infrastructure, but on the final points to be connected. The network needs to be flexible, both in terms of its backbone and the last mile, to meet the connectivity needs of Canadians.

We have made recommendations. We need to continue to work collectively, all together, to address connectivity needs.

• (1750)

Mr. Sébastien Lemire: I find it interesting that you talk about working together.

Earlier, the Rogers representative said that the wireline network is 50 to 200 times better, but that it takes a lot of time and money to expand it. He talked about the digital divide—I find the term interesting—between urban and rural areas, and the need for sustained investment in the network in the regions.

My question is for Mr. Prevost, from Rogers. Is the federal investment in this network sufficient or adequate, particularly in these times of the COVID-19 pandemic, where the need for connectivity is greater?

[*English*]

Mr. Dean Prevost: Fundamentally, telecom is an industry that needs density. The economics of telecom are very simple: The more people you have in an area, the less costly and the easier it is to serve them, period, full stop. That plays out in a country of our size, with such low density. It makes serving, particularly the substantially rural Canadians, very difficult.

There have been some good steps taken to create programs to work together, but there are many overlapping programs with different requirements. It would be very helpful to have them be more co-ordinated, connected and using similar criteria so that we get the biggest bang for the buck, the biggest leverage.

As well, as a presenter said earlier, there are a lot of costs we carry that we feel are unnecessary: the long delays getting permits, the difficulty getting access to poles, to ducts, to infrastructure and deploying services. That, frankly, is a waste of money and time. If we were able to find a way to do the latter more efficiently, I think we could do the former better as well and reach deeper into rural Canada than we have so far. That includes connecting programs across rural municipalities. Regions, provinces and the federal government all have overlapping, and sometimes not consistent, expectations.

[*Translation*]

Mr. Sébastien Lemire: Thank you for your answer, Mr. Prevost.

I have a question for you, Mr. Geheran. As a representative of Telus, you mentioned earlier that even though it costs 30% more to invest in the regions in terms of connectivity, the 20-year rollout is not working and that the spectrum approach needs to be rethought.

Are you satisfied with the programs in place, and how could they be improved to ensure their effectiveness? Would it require more money, or shorter time frames?

[*English*]

Mr. Tony Geheran: It's a very good question, but there were two points mixed up in your interpretation.

The 20-year deployment of spectrum means that we are not getting Canadians served by good LTE wireless coverage. It could be because the spectrum is just not being utilized and the infrastructure or the towers haven't been built.

When I talked about the 30% more that it costs to build, that was for the fibre network that we are extending into our rural areas across our provinces. That has a very long payback period. It is very expensive, and the government funding programs to date have been inadequate. They are not well suited, they take too long to process and they don't release the capital in a timely fashion that makes it efficient to get a better return for the taxpayer.

• (1755)

The Chair: Thank you very much.

The next round of questions goes to MP Masse for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair, and to all of the witnesses for being here.

At the last committee hearing, I got rather animated with the minister and some of the answers we heard. I'll tell you the reasons why and where I'm going with this vis-à-vis solutions for our current problem.

As a New Democrat, I've always believed that the service is essential for Canadians and is also very much a part of equality. To hear the minister talk about this being part of equality and then people having to wait until 2030 is very frustrating for me, because since I've been elected I've seen the governments collect \$20 billion plus from spectrum auctions—most recently, with one being \$3.5 billion—and roll out basically only a portion of that at \$170 million a year for the next 10 years, with the hope that we actually connect Canadians by 2030.

This pandemic has heightened, I think, the experiences of people and the inconveniences of being returned to social isolation, being disengaged from the community and not having an opportunity to run your business. There is a whole series of different things that are crucially important and that I think could be an advantage for our country.

Here's one of the things that I would like to ask about. Perhaps we can go in reverse order for answers to this question. I believe Xplornet was last, so it would be Xplornet, Telus, Rogers and Cogeco.

If we redeployed our spectrum assets that we've collected, and the current spectrums that are coming up, to be reprioritized to be extensions into connecting Canada, is it possible to do so within about a three-year period, with maybe some cleanup in the fourth year? Again, if we use our spectrum, the assets we have accumulated that the government hasn't spent to date and the future ones, with the directive to connect Canadians, is that a possibility? I'll certainly be looking forward to seeing how we can change things.

Maybe we can start with Xplornet and then go back in reverse order.

Ms. C.J. Prudham: Thank you. That's a great question.

To us, there are four key things that you need to succeed with rural broadband. You need money, you need spectrum, you need access to key infrastructure and you need co-operation.

The barriers that you encounter in different rural areas of this country are different. Sometimes the problem isn't money. Sometimes it is economically feasible to serve certain areas but you can't get the spectrum to do it, or you can't get the municipal co-operation to do it. Or you can't get access, as some of my colleagues here have mentioned, to things like poles or other key infrastructure.

It's those four things brought together that are needed in order to achieve success. Some of them we can control, and I assure you that all of us attempt to do our best to control it.

In answer to your question, it all depends on what problem you're trying to solve where and what combination you use, but in theory, yes, you could do it, if you use the right combinations across the country.

Mr. Brian Masse: Thank you very much for that answer.

I want to make sure we get everybody in here. I believe Telus is next, then Rogers and then Cogeco.

Mr. Tony Geheran: Thank you. It's a great question, and I believe it is doable were we to get an alignment of the release of the monies of that magnitude you talk about to make it worthwhile nationally. I believe that if you can align private capital with provincial and federal capital, you can get a great contribution on the part of everyone to make these projects economical, and you should have the will then to remove the barriers such as access rights of way and other impediments that typically slow down these projects.

Never before has the circumstance been such that I think you have the foundation where everyone is on the same page, sees the need and should have a bold ambition. If you don't set a bold target with aspirations of completing the work, completing it economically, reporting on the expenditures appropriately and demonstrating that you've provided connectivity to citizens—not to hubs or libraries or schools, but to citizens' homes and businesses—then I think you can say it would be something in our legacy that this country could be proud of.

Mr. Brian Masse: Thank you.

I'll turn to Rogers.

Mr. David Watt: For Rogers, we agree with everything that has been said so far. We do think that the funds from the spectrum auctions should be devoted to bettering telecommunication services. The one caution we would have is that a three-year target strikes us as really ambitious, because we're talking about places that are very far away, very cold and, in some cases, there is only a winter road or six weeks in the winter to get materials to that location. There's also a limited number of skilled installers to do some of this work.

While three years would be a fabulous target, we think it might not quite be achievable in that time frame. Again, you're probably talking about the last 1% to 2%, which are the hardest, so that might need a more extended time frame. We do need to be realistic.

• (1800)

Mr. Brian Masse: Cogeco, there's just a bit of time left, but we're close.

Mr. Leonard Eichel: That's fine, I have very little to add to everything that has been said already. Everything that has been said is pretty much in the ballpark.

Access to support structures is key. We've had permits outstanding for almost three years, so that is a barrier that needs to be removed. The target that you suggested of three years is very ambitious, but there are things that could and need to be done.

Mr. Brian Masse: Thank you very much.

Thank you, Madam Chair.

The Chair: Thank you very much.

The next round of questions goes to MP Dreeshen.

You have five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Madam Chair.

I'm in a bit of a unique situation. I have Rogers for my business cellphone, I've got Xplornet for my home and I have Telus for my home and personal service as well. Unfortunately, all of them have been causing me issues and concerns, but that's what we're used to when we live in a rural part of Canada, especially when so many people are using the system at this particular point in time.

As Mr. Longfield indicated earlier, we did have a study on broadband, and I was part of that group. We were also at the U.S. Senate hearings on broadband services for rural and remote communities.

The first question I would like to ask is to Cogeco, because it has a presence in both the U.S. and Canada. When we're talking about

regulatory issues, do you find there are some things that occur in the U.S. that make it easier there than in Canada?

Mr. Leonard Eichel: From the U.S. perspective, there is no mandated wholesale requirement in the U.S., which means that we can roll out infrastructure in a lot of our rural markets without having to concern ourselves with that obligation. That makes the business cases better, and it makes us able to roll out the network farther and faster.

Also, the U.S. market is a bit different in that we are sort of privileged to have that rural market opportunity. In Canada, I guess the key difference is the mandated wholesale requirement, which makes it a bit of a struggle in some instances to be able to provide infrastructure in certain areas.

Mr. Earl Dreeshen: To the Telus representative, you spoke about policies that undermine an investment strategy and how that's going to cause problems in the future. You also spoke about the regulatory environment and how it has to become easier to work with. After listening to the Cogeco people, I think you probably would have some ideas there.

Of course, you also mentioned that you're not making any threats, but we have to make sure that the regulatory environment is stable. I don't know whether you've made those same kind of statements to urban Canadian networks. There's this promise to reduce the rates by 25% for consumers. The issue there is that, as you are perhaps saving for those particular customers, you're just making it harder and harder for rural people.

Again, when we look at the service we have, it has been unreliable. Urban and rural areas don't have what you advertise. They don't have very good broadband Internet access. Is it a technology issue or a regulatory issue? What role do you see the government playing to help eliminate this digital divide we see between rural and urban areas?

Mr. Tony Geheran: Let me try to unpack that. That was quite a lot.

First of all, it's a complex issue, so the regulatory framework needs to be very clear if you're going to make long-term investments for your interests. For us to fibre Red Deer, which is one of the cities where we would like to build in Alberta, it's a \$150-million project for us. If we're going to invest \$150 million, with an average cost per home or premises of around \$2,500 to \$4,000—in Alberta there is a lot of buried costs, so it's very expensive—we want to know we can generate a return on that. For that magnitude of investment, you're talking about a 15- to 20-year investment return period on a project, assuming it goes well. You need to know that the regulatory policy isn't going to change when you've made a commitment of that magnitude.

When you're looking at rural investment, we've already invested a very large amount of our own money at no cost to the taxpayer in rural builds. Hinton, Edson, Bonnyville, Wetaskiwin and Drumheller are all fibre towns in Alberta that we've built out. They were much less attractive than building out of Calgary, Edmonton or Vancouver, but we wanted to balance our investment and make sure that we have broad coverage.

There are communities that still don't meet those economic return criteria, and we need policies that will help us bridge that gap so we can make the commitment. We will provide the infrastructure and the skills and resources—and we have them—but we need the federal and provincial funding to align to help smaller communities that don't qualify on those economic terms.

• (1805)

Mr. Earl Dreeshen: Red Deer has 100,000 people. It's a great community and it has service in lots of different ways, but when you get 20 miles away there is no service that you can rely on. I think that's really part of it. We're concerned right now with the risk, with the COVID-19 pandemic, of a more expensive and less competitive environment for Internet services. I think one of the critical things is we see—

The Chair: Unfortunately, MP Dreeshen, that's your time.

Mr. Earl Dreeshen: Okay. Thank you.

The Chair: The next round of questions goes to MP Jowhari.

You have five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Madam Chair.

I'd like to welcome all the witnesses to our virtual committee.

I'd like to start by getting a sense of the way all of you have defined your pricing model.

I understand that the amount and timing of usage play a role in developing a price, and also determine your cost. You all talked about a shift, with the increase during the daytime and increase on the weekend, and the use of different platforms, whether for data, or streaming, etc. How has that played a role in your pricing and your cost?

Let's start with Cogeco.

Mr. Leonard Eichel: Certainly increased usage is a key factor in being able to moderate and manage our cost structure. Internet use has been going up 40%, from a CAGR perspective, every year for the last nine years, so we have to constantly upgrade and invest in our networks. This latest round of usage as a result of COVID is certainly spurring us on to invest even more during this particular thing.

The costs from what we do invest play a huge role in the price that we charge our customers. The pricing has to reflect that. It has to be able to recover those investments as well. You have to remember that for companies like us and others in this particular meeting, a lot of the equipment we buy is coming from the U.S., so we have to pay for it in U.S. dollars. That's a cost. Labour increases every year and inflation increases every year. We have those costs to take into consideration when we're pricing our services.

Mr. Majid Jowhari: So you feel that you have to increase your pricing because the cost has increased.

Rogers.

Mr. Dean Prevost: Interestingly, we never talk about the cost per unit. The cost per unit is actually falling rapidly. What's happening in Canada, as the other witness just said, is that costs are rising and the unit usage is rising, yet our price per unit has been falling rapidly. This is typically not unpacked when people look at a headline price for a set of services, but when you look at what's happening underneath that, it's like you're able to buy more and more of each unit at a far, far lower price. So the costs are actually falling dramatically, particularly in the wireless space and the wireline space, but that's not typically reflected in these bundled services that aggregate costs as part of the platform that has now moved from 3 gigabits to 5 gigabits to 10 gigabits, all at smaller increments than you would expect given the capacity given.

Mr. Majid Jowhari: Thank you.

Let me quickly go to Telus and Xplornet because I have a follow-up question for all of you.

Telus first, please.

• (1810)

Mr. Tony Geheran: It depends on the service and the network. If you are talking about costs for wireless services, remember that we have the highest cost spectrum in the world. The way our government charges and sets up auctions, raises the cost of the spectrum, which adds to the cost of the service the customer has to pay for. With the spectrum at lower costs, we would see lower rate plans for Canadian users on the wireless networks. If you are video streaming and using very high bandwidth to download movies, you have got to look at the capacity that needs to be in place to cover that, and the nature of that capacity has to support the usage patterns. So there are a lot of dynamics that really challenge the way you can look at the services, whether it's voice, video or data and a fixed or a wireless network to determine the right, affordable, economic price plan. If it's not affordable, customers won't use it.

Mr. Majid Jowhari: I'm sorry for interrupting. Let's go to Xplornet.

Ms. C.J. Prudham: I think ours would be somewhat similar. There is the primary challenge of being able to reach rural areas. We adopt a national pricing structure. We're trying hard not to charge more if you are in a remote area versus close to urban areas. We try to make sure that people are priced in a fair way, but the next issue we have that everybody has just alluded to is that you have to intensify that network after you—

Mr. Majid Jowhari: I have 30 seconds. Did any of you four increase your prices to smaller ISPs on March 1?

Let's start with Cogeco. Just a quick yes or no.

Mr. Leonard Eichel: No.

Mr. Majid Jowhari: Rogers?

Mr. David Watt: No.

Mr. Majid Jowhari: Telus?

Mr. Tony Geheran: No.

Mr. Majid Jowhari: Xplornet?

Ms. C.J. Prudham: No.

Mr. Majid Jowhari: Okay. Thank you, all.

Thank you, Madam Chair.

The Chair: That's perfect timing. Our next round of questioning goes to MP Gray. You have five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair.

Mr. Geheran, on Telus's website you say you have an unlimited data plan, but I've heard from people that many of these unlimited plans slow down or throttle the speed of data after reaching a certain threshold. Do you think that constitutes an unlimited data plan?

Mr. Tony Geheran: I think it constitutes a plan that is clearly identified and articulated to customers before they sign. It gives a very large bucket of data, after which the package will slow down, or there will be plans that you can sign up for beyond that. It depends on trying to find a price point that fits a market need and offers the usability that customers want. The expectation is that a limited number of users will either abuse that capacity, constantly streaming 24-7, and you also have to have some control in it, but I don't think it's a misuse. I think it is quite clearly articulated, and we make sure customers have the right size for the plans they sign up for.

Mrs. Tracy Gray: Okay, thank you.

I know that Telus markets itself is having a high degree of network coverage across Canada, but some people would say it doesn't meet a consistent 50 down 10 up speed throughout the country and especially in our rural areas. Is that a correct assessment?

Mr. Tony Geheran: First of all, the 50/10 is relating to fixed networks, typically a fixed connection. That's variable, depending on the infrastructure serving that area. But the majority of our customers would be far in excess of a 50/10 bandwidth download/upload speed criteria.

Mrs. Tracy Gray: Telus's website advertises 99% coverage across Ontario. Does that also include one bar or low signal connection?

Mr. Tony Geheran: An average good quality signal would be accessible to 99% of the population.

Mrs. Tracy Gray: What would an average signal be? Would that be two bars or...?

Mr. Tony Geheran: That would be a call that is audible, clear, and the caller can transmit data.

Mrs. Tracy Gray: Would that also include people being able to be on email or on Zoom? What would that mean?

Mr. Tony Geheran: Yes, it should.

Mrs. Tracy Gray: It should. Okay.

Mr. Tony Geheran: I can't speak to one isolated point of a one-bar signal, but certainly what we do is monitor our network and look to ensure that the coverage plan and the densification of the cell towers or small cells fill in any areas where the signal strength is not as strong.

• (1815)

Mrs. Tracy Gray: How many rural customers does Telus serve?

Mr. Tony Geheran: I don't have that answer off the top of my head.

Mrs. Tracy Gray: Would it vary? Would it be 5%, 10%, 50%?

Mr. Tony Geheran: Are you talking about a fixed network or a mobile network?

Mrs. Tracy Gray: I think you could include either. Also, you mentioned earlier how you define "rural" customers. Would those small towns, or would it be based on population per square kilometre?

Mr. Tony Geheran: Our definition is based literally on population, so we would consider small or rural as being anywhere between 40 to 5,000 people. We would say that on our fixed network we have voice coverage available to the high 90s, as a percentage of the population. In terms of data, we'd say we have high-speed broadband available to about 88% of the population, and in-between, there could be some low-speed, old DSL technology that is supporting relatively lower data streams.

Mrs. Tracy Gray: I've noticed that Telus has waived home Internet data overage charges until the end of June, but I've read that some telecommunications companies may not have done this for rural customers. Would that be accurate?

Mr. Tony Geheran: I can't speak for other companies. It's certainly accurate for us.

Mrs. Tracy Gray: Okay. That's good to know. Thank you.

Also, I've read that some rural Canadians have to rely on hubs or sticks for Internet connections and are therefore still facing overage charges. Would you say that this is accurate?

Mr. Tony Geheran: Are you still on me?

Sorry, I missed your question.

Mrs. Tracy Gray: I read that some rural Canadians have had to rely on hubs or sticks for Internet connections, and they're still facing overage charges. Would you say that would be accurate?

Mr. Tony Geheran: I would say that if they're having problems, then we will deal with them, but if they're within the plan that they signed up for, they wouldn't be facing overage charges.

The Chair: Thank you very much.

The next round of questions goes to MP Lambropoulos.

You have five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you very much, Madam Chair, and thank you to all of the witnesses for being here with us today.

My questions are mainly for Rogers and Telus.

Your companies are some of the companies that filed complaints against the CRTC when the CRTC ordered lower wholesale rates for other companies. It's interesting because now you guys are in court, and so it has stopped, but now that the pandemic has happened, the price of wholesale has gone up, making it more difficult for companies to be able to provide these services to Canadians. The price of Internet for Canadians in these areas who are being serviced by these companies has actually gone up, and it's less affordable for them.

Do you have any comments about this? Is now the time to be making it difficult for Canadians to have Internet?

Mr. David Watt: I'll take the first shot at that.

You said that we had raised the price to the resellers. That's not the case. The price has remained the same. To the extent that resellers have to buy more capacity in order to provide service during these times, they're in the exact same situation as we are. We're incurring additional costs because of traffic and increased demand, and therefore we're in an equal position. We're both having to deal with the increase in traffic. There has been no price increase at all.

Ms. Emmanuella Lambropoulos: I guess I was misinformed then. Thank you for clarifying that.

Mr. Stephen Schmidt (Vice-President, Telecom Policy and Chief Regulatory Legal Counsel, Telus Communications Inc.): I can jump in.

Ms. Emmanuella Lambropoulos: Sure.

Mr. Stephen Schmidt: We haven't increased rates. We're not party to the litigation that you referenced, and finally, we're treating all of our customers in an even-handed manner, in the sense that if wholesale customers, business customers or residential customers need relief, they're getting it from us.

Ms. Emmanuella Lambropoulos: Thank you.

Obviously, you've done quite a bit to help your own customers during this time, which is great, and I encourage you to continue doing that, but there were rate hikes that were announced for the year 2020 and beyond.

Considering the pandemic and what's going on, and the uncertainty in our economy at the moment, are you reconsidering these and playing it by ear based on what happens with our economy?

• (1820)

Mr. Stephen Schmidt: Could I ask which services we are talking about?

Ms. Emmanuella Lambropoulos: Internet TV services.

Mr. Stephen Schmidt: We are generally on pause for all price increases for now. It's a very delicate time in the economy and in the country, so we're on pause until further notice for all classes of price increases.

Ms. Emmanuella Lambropoulos: Thank you.

Is it the same for Rogers?

Mr. Dean Prevost: Yes, it's exactly the same for Rogers. Obviously, we'll play that by ear as we see what's happening in the environment around the pandemic and of course with the economy.

Ms. Emmanuella Lambropoulos: That's perfect.

With regard to the CRTC, it would like you to sell wholesale prices for lesser cost to other companies. Apparently, according to your companies, that price is actually lower than your costs.

I was wondering what you think would be a more fair and reasonable price in order to provide a lower cost to these companies, but that wouldn't really sink your boat, for example.

Anyone can comment.

Mr. Dean Prevost: The general principle is simply that it should not be below cost. I think everybody would understand that. It should generate some form of reasonable level of return for those who made the investment to put that network and infrastructure in place.

Mr. Tony Geheran: Telus would agree with that position. We think service providers should be encouraged to build facilities. To rely on another party's network and resell it at a price lower than cost is not sustainable. It doesn't drive value for Canadians. It doesn't drive better network infrastructure or broader network investment. We think that's a fool's path to follow.

Ms. Emmanuella Lambropoulos: Thank you.

We would like to offer Internet service to as many Canadians as possible, and we know that not all Canadians can afford Internet. Obviously, it might be more difficult to get affordable Internet in rural communities. What are other solutions can you come up with that would allow a greater number of Canadians to have Internet services provided to them?

Mr. Stephen Schmidt: Better spectrum policy is the path forward. It is more spectrum being made available to folks in rural areas who will actually build networks, like Telus, not setting it aside for entrants who are not going to build, who are not using it and are just sitting on it. That's the path forward in large measure.

Ms. Emmanuella Lambropoulos: Thank you.

The Chair: Thank you so much.

[*Translation*]

We'll now move on to the next round of questions. Mr. Champoux, you have two and a half minutes.

Mr. Martin Champoux (Drummond, BQ): Thank you very much, Madam Chair. I'm going to put my questions to Ms. Labrie from Cogeco.

We all understand that there is a recognized urgency to connect as many Canadians as possible to high-speed Internet. Even the government has recognized that. So it's a no-brainer for everyone.

Ms. Labrie, in your opinion, should the CRTC give priority to companies that are able to connect as many households as possible, when it comes to calls for tenders? Should these companies win the calls for tenders to connect different regions, particularly in Quebec?

Ms. Marie-Hélène Labrie: Thank you for your question.

In fact, our view on subsidy programs is that there needs to be flexibility so that the infrastructure can be adapted to the needs of the region. In some regions, there is a need to develop transport infrastructure, and in other regions, there is a need to build the—

Mr. Martin Champoux: I understand, but as a communications company that wants to invest in the regions to install the infrastructure and provide the service, what do you think? Should the CRTC give priority to a company that offers to connect 100% of the homes, while the others offer to partially connect the region in question?

Ms. Marie-Hélène Labrie: It is important to connect as many people as possible, but the costs must be considered. People often say that 95% coverage can be achieved at a reasonable cost, but when it comes to the other 5%, it takes a mix of technologies, such as fixed wireless access. For the other 2%, it may take a satellite connection. So you have to have flexibility.

Mr. Martin Champoux: However, given the current urgency, you agree that if a company proposes to connect 100% of the regions, it should be given priority.

Ms. Marie-Hélène Labrie: Yes, if that company has the expertise and can do it at a good cost.

Mr. Martin Champoux: How much importance would you attach to the opinion of the elected representatives of the regions? Is the support of elected officials in a region important when filing an application with the CRTC?

• (1825)

Ms. Marie-Hélène Labrie: We believe in working with local groups and municipalities, and that's what we do. We also work with federations of municipalities. I think that's part of the criteria. In fact, the CRTC has included it in its program.

Mr. Martin Champoux: Regarding the current process in this country, what is the most serious obstacle delaying projects like the ones you are quite ready to submit here in my region of Drummond? In a nutshell, what is delaying the implementation of the Internet the most?

Ms. Marie-Hélène Labrie: It's the permits. We are waiting for permits for about 50 projects. For some of them, it's been two years.

Mr. Martin Champoux: Thank you, Ms. Labrie.

The Chair: Thank you very much, Mr. Champoux.

Mr. Masse, you have two and a half minutes.

[English]

Mr. Brian Masse: Thank you, Madam Chair.

I can't let go of the fact that since the time I've been in Parliament, it's been one of the most heavily regulated industries I've ever seen and it's been one that's received government revenues of

over \$21 billion. For better or for worse, where we are now and with the challenges we have, clear, consistent regulation is crucially important. Again, the \$21 billion we've had has been rarely invested back into rolling this out or reducing prices, which I think is important for Canadian consumers.

On prices, I want to ask, and we'll go through the order again... With regard to some of the services provided during COVID-19, they've been very helpful to Canadians, but mobile services and data overages are significantly challenging for rural remote areas that don't have land options right now.

Will your companies look at this, especially given the fact that some of the school-age children and educators may require more intense usage to even be able to do their schooling?

Maybe we could reverse the order and start with Cogeco, and then Rogers, Telus and Xplornet.

Ms. Marie-Hélène Labrie: We do not have a mobile service.

I think the question was on mobile.

Mr. Brian Masse: Yes.

Mr. Dean Prevost: We do, and we have cut our costs dramatically for wireless or fixed wireless, obviously on the mobile network, such that those charges are down substantially in bigger buckets of 50 gigabits.

We recognize this issue. For example, as I mentioned in my opening remarks, we've offered to the Ontario school boards across a variety of districts, I think we're up to 21,000 iPads now, with software and free wireless service. I mentioned that's also happening in Winnipeg and in other jurisdictions. We're trying to help on that front, absolutely.

Fundamentally, wireless is a very different economic proposition. It's shared. When you're dealing with a rural environment, it has such different data carriage characteristics that the ability to make it unlimited simply doesn't exist. With wired, you can. However, for the cost of deployment—the tower, the backhaul, the microwave—for very rural locations, and to be sure that you continue to get service for first responders, for 911 and for other people off that tower, you cannot do it unlimited.

Mr. Brian Masse: Okay.

Quickly, next is Telus and then Xplornet.

Mr. Tony Geheran: We couldn't agree more with you.

It seems crazy that you rake in billions—and in your case, \$20 billion to \$24 billion—in spectrum charges, and then you hand out \$170 million a year for 10 years, \$1 billion over 10 years. It's the wrong way to drive the solution to the problem.

For our wireless Internet service, where we offer Internet high speed over wireless, we have doubled the buckets. We are looking at every case. If there's a need, we will be accommodating as much as we can. We're making sure that we're not putting anyone under financial duress as we go through this challenging time as a community together.

The Chair: Thank you so much.

Ms. C.J. Prudham: Respectfully, Madam Chair, may I respond, please?

I recognize that you're over time, but we—

The Chair: We are over time, but you have 10 seconds.

Ms. C.J. Prudham: You can do unlimited on wireless. Absolutely, you can. Xplornet offers unlimited packages on wireless. It's what we do. We do fixed wireless as opposed to mobile wireless.

I'm not going to comment on Telus versus Rogers, but I don't want anyone here to walk away thinking you can't do unlimited packages on a wireless network.

The Chair: Thank you very much.

We'll now move to round three of the questions.

Our first five-minute round goes to MP Rempel Garner.

• (1830)

Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC): Thank you, Madam Chair.

I'll start by saying that the government has the responsibility to allocate resources, like funding for Internet build-out, spectrum allocation, etc.

To some of the large incumbents, I understand that you're managing the profit and loss—that's fine—but the government is managing access. Increasingly, that is becoming a public good and part of our country's economic competitiveness, as well as equality of opportunity for individuals.

I think there is a bit of policy tension between what we're managing and what some of the incumbents are managing, given the regulatory environment that we've been operating under over the last 20 years.

I want to raise something with the representative from Telus, Mr. Geheran.

You made a comment tonight. You said that if you have a policy that fundamentally undermines an investment strategy, you have to change policy. I think I agree with that. So I'll start by asking, do you think that structurally separating the builders of a network from Internet service providers is a way to solve the policy tension that I just described?

Mr. Tony Geheran: No, I don't. I haven't seen that work anywhere globally to a sustainable effect.

Hon. Michelle Rempel Garner: It's in the U.K., right? It's the primary model in the U.K.

Mr. Tony Geheran: Yes, but if you look at the U.K., they are wholesale moaning about the quality of their infrastructure and lack of fibre coverage across what is a very small geography. I know. I

originated from there. Quite frankly, the Canadian networks are far superior in coverage and quality. Performance through COVID has demonstrated that.

Hon. Michelle Rempel Garner: That's certainly not what we're hearing in our offices from end-users. That's not the reality that we're hearing in testimony tonight from you. I'm not trying to vilify anyone. I'm just saying that we have a policy tension that we need to address.

You also said earlier—

Mr. Tony Geheran: I think we have a [*Inaudible—Editor*] problem as well.

Hon. Michelle Rempel Garner: Thank you. It's my time.

You also said tonight that it was a 15- to 20-year return on investment for rural infrastructure. I know that the government is considering building out more on that.

You talked about the government spending billions on spectrum and it not being fair. I'm curious what your cost per gigabyte is to deliver service.

Mr. Tony Geheran: First of all, the government isn't spending billions on spectrum. It's charging the carriers billions for spectrum, for a national asset.

Hon. Michelle Rempel Garner: Sure. What's your cost per gigabyte?

Mr. Tony Geheran: Per user, it's—

Hon. Michelle Rempel Garner: Sure. On an average plan for, let's say, my plan in Calgary, what would your cost per gigabyte be?

Mr. Tony Geheran: I don't have the number to hand. I can get that for you.

Hon. Michelle Rempel Garner: Okay, that is a figure that a lot of us just can't find, right? When we're trying to figure out your assertions that you can't build out rural broadband—and it's not just you, it's other companies as well—if certain criteria don't happen, it's a bit of a false dichotomy for us.

I guess what I'm saying is that I think you guys are making money. We certainly see that in your dividend reports when we look at them. I'm not saying that's a bad thing. There consistently seems to be, again, this policy tension between the larger incumbents and smaller providers that are trying to provide access or rural Internet. It always seems like rural Internet is the thing that is at risk whenever there's a change in policy or a CRTC decision.

I want to go back to your comments to my colleague, Mr. Dreesen. You characterized your CEO's comments to the CRTC as not a threat. I'm going to read as it was reported in a Global News article on February 20 of this year. Your CEO "ended the presentation with a flourish, by volunteering to submit the Telus board's instructions for managers to start making plans for cutting spending and jobs if the CRTC chooses MVNOs over facilities-based carriers." If I'm correct, the CRTC made that decision with regard to some potentially detrimental price activities that may have been engaged in.

Wouldn't you characterize that as a threat? How are we, as legislators, supposed to work with you in managing the access when that's the tactic and the response that's coming out of your company?

Mr. Tony Geheran: In fairness, I actually said "two threats don't make a pattern" because I was told we were—

Hon. Michelle Rempel Garner: Come on, that's semantics. People who are watching this.... People are watching this.

Mr. Tony Geheran: Sorry, I thought I had time to answer your question. Would you like me to answer the question?

Hon. Michelle Rempel Garner: You're being very hostile.

• (1835)

The Chair: Madam Rempel Garner.

Hon. Michelle Rempel Garner: People are watching this and they're looking for.... That wasn't great. Yikes.

Mr. Tony Geheran: I'm trying to overcome your confirmation bias. Let me address the question.

The Chair: Very quickly.

Mr. Tony Geheran: If [*Inaudible—Editor*] policy is going to change, we have to look at the economic return of that policy on our business and we have to accommodate that policy in our strategic plans.

Hon. Michelle Rempel Garner: What about access?

The Chair: Unfortunately, that's your time Ms. Rempel Garner.

Our next round of questions goes to MP Ehsassi.

You have five minutes.

Mr. Ali Ehsassi (Willowdale, Lib.): Thank you, Madam Chair.

Thank you to the witnesses for appearing before our committee.

I appreciate full well that these are complex issues we're trying to address within the confines of a very short period.

I think each of you has talked about how difficult it has been to receive licences and how they can delay access in rural areas. When we're talking about licences, are we talking about licences that are

issued by municipal authorities? Is that what everyone was concerned about? Can I hear from all of you on this?

Ms. C.J. Prudham: This is C.J. Prudham at Xplomet.

There are two types of licences we're talking about here. One is the spectrum licence issued by the federal government. The others are the various permits and licences required for actual deployment, whether that's on poles or erecting towers or something like that. That can be quite challenging.

Mr. Ali Ehsassi: Yes.

Could I hear from Rogers?

Mr. Dean Prevost: It's exactly the same. Very much, the deployment of telecom is a very physical business. You're ripping up roads and you're attaching towers, and all of that activity takes licensing, permitting and a whole bunch of processes through not just municipal authorities but others as well. It tends to be very complicated and it tends to take a fairly long period of time. It rarely can be done as part of a programmatic approach. It's usually site by site, so it creates a lot of complication and time to deploy networks, and to go back to my earlier comments, it adds cost to what is frankly a pretty repeated and standard effort in telecom.

Mr. Ali Ehsassi: Thank you.

I take it everyone would agree that a lot of it is municipal.

As everyone knows, there is a huge variation in rural access across our country. Some regions are doing much better than others. Each of you has also touched on the role of provinces. How critical is it that provinces also be committed to assisting? I'm not quite sure whether that would take the form of resource allocation or whether it would be how the provinces can assist in this endeavour.

Could each of you talk about those regions in the country that are doing better than others? How critical was the commitment by a province?

Ms. C.J. Prudham: Again, I'm happy to jump in here, particularly because, as I said, we've announced a number of ones in eastern Canada in working with the provinces.

It makes a big difference when you have both the federal and the provincial governments aligned, and even more so if you happen to have the local municipalities aligned, because you can have circumstances where there are policies that are inconsistent and people are working on different timetables with different objectives. That is never helpful to getting a project done, getting it permitted and getting it through the system that Mr. Prevost was just referring to. It really helps to have alignment on all the goals and the timing.

Mr. Ali Ehsassi: I have just a quick question for the representative from Cogeco. What province has actually done the best in terms of demonstrating that they care about access to remote regions?

Ms. Marie-Hélène Labrie: We are in both Quebec and Ontario, and we've been working with both provincial governments. I would say that in the last year Quebec has been more proactive in launching their program without waiting for the federal government. Given that there was a delay, they decided to go ahead to launch their own program.

I know that the Ontario government is very dedicated, too, and we're working hand in hand with them, but I think there was a leadership in Quebec that made a difference in terms of accelerating the launch of their own program. They're also getting involved on both ends on permits, and on the Ontario side, they are very proactive on also wanting to fix the issues related to the rates of the Ontario Energy Board, which establishes the rates for access [*Technical difficulty—Editor*]

Mr. Ali Ehsassi: Thank you.

Could I hear from the other witnesses, please?

Mr. Tony Geheran: Maybe I could give you a Telus perspective.

We would certainly see that the Quebec government has been the most successful at working with industry and within the federal schemes to extract dollars to create opportunity to build.

● (1840)

Mr. Ali Ehsassi: Thank you.

Could I hear from Rogers?

Mr. Dean Prevost: We've seen success, frankly, in several jurisdictions across the country. We've had success in B.C. and in Ontario as well, but it's a complicated process where they don't typically work as well together, so there's a lot of room to improve.

Mr. Ali Ehsassi: Thank you.

The Chair: Thank you very much.

Our next round of questions goes to MP Rempel Garner.

You have five minutes.

Hon. Michelle Rempel Garner: Thank you, Madam Chair.

I'm just trying to pull something up. I want to go back to the comment about "threats", because I don't really think that's a productive way for us to move forward.

I'm wondering if Mr. Geheran would maybe dial it back a bit and say that perhaps his CEO's approach at the CRTC wasn't the best way to build trust with Canadian taxpayers, people who are looking

for access and government and legislators tasked with ensuring the best regulatory environment to determine that.

Mr. Tony Geheran: I would say that the \$43 billion that we've remitted in tax receipts since 2000, the tax morality of our constituency, is the best sign to say that we would work with anyone and work effectively for the benefit of Canadians.

Hon. Michelle Rempel Garner: What I'm trying to get at is that I think you guys are making a lot of money. That's fine. I'm a Conservative; I like to see people profit. However, I also want to ensure that we're not creating a barrier to economic growth because we don't have access to Internet in the country in such a way that we can grow over time. The year 2030 is not an appropriate target. It's not. It's ridiculous.

This is why I'm just wondering if, in the five to 10 minutes that you have here, you could tell us what your cost per gigabyte or your cost per unit is to deliver service versus what you charge. I'm trying to get a sense of.... When you guys say that you have to cut jobs and service, and that you can't build out to rural parts of the country given that you're in a highly regulated environment.... Why is that?

Mr. Tony Geheran: Do you want me to answer?

The cost for us to provide a spectrum to satisfy subscribers is \$340 per subscriber in the rounds of recent spectrum auctions that we've had to participate in. The equivalency in Japan is \$30 per subscriber. In Germany, it's \$140. In the U.S., it's \$200. When you have a geography the size of Canada and a population as small as—

Hon. Michelle Rempel Garner: I was asking per.... You would assume that would decrease over time, right? That's why I was asking what the cost per gigabyte in an ongoing plan would be, but that's fine.

Mr. Tony Geheran: It's not just getting the spectrum. You have to deploy the spectrum. You need infrastructure. You have to build the antennas, the network, the fibres and the backhaul. You have a lot more than just the spectrum.

Hon. Michelle Rempel Garner: Sure, and just to defend my colleague Mr. Dreeshen's honour because he's such a good guy, and I know he really cares about Internet access, I would like to point you to an article that was written on February 25 by Dr. Geist. It's called "Who Runs Canadian Telecom Policy Anyway?: Why the Telus Threats at the CRTC Will Backfire". Because I don't have enough time, I won't go through all of it, but he does go through several examples of threats that Telus has made over the years in CRTC hearings with regard to throttling back either investment or whatnot.

I would just wave the white flag here. I think we're all tired of some of the bullying tactics that have been put forward, and we need to have a plan that delivers service to rural Internet providers. Big incumbents operate in a highly regulated environment, so how can we manage to give access to everyone in a short period of time while that continues to work?

I guess I would just ask you for maybe a collegial response versus the confirmation bias response that I got before.

Mr. Tony Geheran: I would say that we would be as interested as anyone in making a good economic return and supporting a national program to provide access to all Canadians. If we could all align on how we can make the spectrum assets work for us cost-effectively, that would do a big part of the job. If we were to align provincial, federal and private capital together to build out fixed infrastructure where it's appropriate, we could do that quite easily and effectively.

Hon. Michelle Rempel Garner: How would you feel if we moved to a use-it-or-lose-it spectrum allocation system? I've heard from some people that when incumbents hoard access to spectrum, it actually stifles competition and reduces access and competitiveness for Canadians.

• (1845)

Mr. Tony Geheran: We don't agree with hoarding spectrum. We want spectrum. We want to deploy the spectrum, so we would be supportive of a program that reduced the time from allocation to deployment so that you could demonstrate that it was incentivizing the infrastructure builds that are necessary to get the coverage. I think we're—

Hon. Michelle Rempel Garner: Again, that's certainly not what we're seeing because the spectrum largely goes to the incumbents, right?

Mr. Tony Geheran: No, it doesn't.

Hon. Michelle Rempel Garner: Do you think—

Mr. Tony Geheran: That's a falsehood.

Hon. Michelle Rempel Garner: In what way?

Mr. Tony Geheran: If 40% of the spectrum is set aside for regional parties, in some cases since 2008, and the spectrum allocated since then has still not been deployed, how can you say that it all goes to the incumbents? It does not.

The Chair: Unfortunately, that's the time for that round.

Our next round goes to MP Erskine-Smith.

You have five minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much.

In the course of the last few hours, we've heard a lot about the rural-urban digital divide. There's obviously another really important digital divide, which is between low-income and high-income Canadians. In some of these reports, I see that 60% of low-income earners are connected versus 95% of high-income earners, which suggests that income is, in fact, the greatest digital divide across our country in many cases.

I'm curious. We've seen traffic up four times according to, I think, Telus. What are the additional costs of that?

That question is for Telus and for Rogers.

Mr. Dean Prevost: I can't tell you exactly off the top of my head, I'm afraid, what's happening with our cost structure. It is obviously up, but a precise answer wouldn't happen today.

Let me just address your first comment, if I could.

Mr. Nathaniel Erskine-Smith: Before we get there, because I only have five minutes, it would be great to hear from your colleague.

Mr. Tony Geheran: Similarly, I think that we've added capacity across the transport network and on the spectrum to support the increased usage we're seeing.

Mr. Nathaniel Erskine-Smith: I take it that your companies, both of you, despite the additional costs and despite the four times additional traffic in some cases, are still profitable for the time being and, of course, in this pandemic. Is that correct?

Mr. Tony Geheran: Well, if you study the recent quarterly results, you will see that there were differing sets of performance figures, and Q1 only had a small amount of COVID impact, but it is having a dramatic impact on future revenue surety, and while we're waiving overages, extending payment flexibility, deferring price increases and not disconnecting people who aren't paying—

Mr. Nathaniel Erskine-Smith: I understand you're not as profitable, but still profitable.

Mr. Prevost, is it the same thing for your company?

Mr. Dean Prevost: Yes. We've also removed our guidance for the year that tells what we think is going to happen.

Mr. Nathaniel Erskine-Smith: I think this was a previous answer to a question from Mr. Patzer in which overage fees.... A number of Canadians have unlimited plans, but low-income Canadians in particular have more finite plans and therefore see more overage fees. Largely it's poorer Canadians who would be paying these overage fees. Is that correct?

The same question goes to Mr. Geheran and to Mr. Prevost.

Mr. Tony Geheran: I think it varies on the users. It depends on someone's user package and what rate plan they're on as to whether they would have had an overage fee.

As we've said, we've waived overage fees while we're in this COVID situation.

Mr. Nathaniel Erskine-Smith: I appreciate that you have waived overage fees in the course of this pandemic. It seems the right thing to do, though, on the other side of this pandemic as well. I've seen studies which suggest that low-income Canadians bear the overage fees to a larger degree. It seems to me that if you're still profitable while waiving them and if it is principally borne by poor people, overage fees are, in many respects, just a tax on poor Canadians.

Mr. Prevost and Mr. Geheran, could you comment on that?

• (1850)

Mr. Dean Prevost: Well, we wouldn't make that leap. I think you're connecting a variety of things that we would not connect together.

For example, you can buy an unlimited wireless plan for \$75. In fact, during promotional periods, it's substantially less, and that's available to any Canadian who would think that would be affordable. If you turn to the wire lines—

Mr. Nathaniel Erskine-Smith: Do you think \$75 a month is affordable to many Canadians?

Mr. Dean Prevost: For an unlimited wireless package, and if you move toward what we've done on the wire-line side....

Mr. Nathaniel Erskine-Smith: Mr. Prevost, you should come to Crescent Town in Toronto with me and meet Canadians who would absolutely disagree that \$75 is an affordable plan.

Mr. Dean Prevost: We have plans that are much less expensive than that but still have large buckets where you can do almost anything.

Again, usage in Canada averages three gigabytes on the wireless side, and so packages of 10 offer you threefold. You can buy three gigabyte packages at substantially less—

Mr. Nathaniel Erskine-Smith: Is that an average for low-income Canadians or the average overall? I know the answer to that.

What are your companies going to do to reduce fees for low-income and middle-income Canadians by 25%?

Mr. Dean Prevost: We've already done it.

Over the last several years, our fees have dropped by that much. As well, on the wire-line side, if you're in one of these communities that is in need, you can buy services from Rogers at \$10 a month for unlimited connectivity on—

Mr. Nathaniel Erskine-Smith: So can I go back to my constituents and tell them we've fulfilled our platform promise?

Mr. Dean Prevost: We have reduced it by the amount I just said.

Mr. Nathaniel Erskine-Smith: Thanks very much.

The Chair: Thank you very much.

We'll go to our next round of questions.

[*Translation*]

Mr. Savard-Tremblay, it's your turn. You have two and a half minutes.

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

Good evening. I thank all of the witnesses for their presence here and their presentations.

From what we can understand, there is undeniably a lack of public money in all this, and there is a lack of political will. That has already been said. This is what we can read between the lines or directly, based on the various testimonies.

However, I would like to hear you talk about another subject, namely the CRTC Notice of Consultation response submitted a short while ago, which concluded that part of the delay in the regions was due to the telecommunications companies themselves. By controlling poles, including Hydro-Quebec poles, several companies are slowing down the deployment of fibre optics.

The Notice of Consultation states that the obstacles are mainly due to the different internal processes of these companies. While this notice only concerns one region, several other anecdotes were heard about other regions. The notice also states that these impediments “do not relate to the common standard for the design, installation and testing of aerial structures.”

The executive summary concludes: “In 2020, the Internet is an essential service and telecommunications companies are slowing down the development of the region”.

Is the behaviour of companies partly to blame for depriving several regions of adequate development, depriving several companies of the capacity to provide online training, depriving employees from teleworking, and encouraging the exodus of young people? Obviously, part of the problem lies in the political arena. Is there another part that is the responsibility of the corporate world?

[*English*]

Mr. David Watt: Rogers does not actually own any poles, so we certainly are not a party to that. We are actually a buyer of access on poles.

Ms. C.J. Prudham: Xplornet likewise doesn't own any poles, but we would definitely agree with your statement. It is mind-blowing to us that it takes longer to permit a pole than it does to permit a tower in some areas of this country. Understandably, there's public consultation and things like that associated with towers, but it can take longer to get access to a pole. That makes no sense to us.

[*Translation*]

Ms. Marie-Hélène Labrie: On the Cogeco side—

The Chair: I do apologize, Ms. Labrie, but the member's time is up.

The next round of questions starts with you, Mr. Masse. You have two and a half minutes.

[*English*]

Mr. Brian Masse: Thank you, Madam Chair.

I still think what is vacant in this discussion is what happened to the \$21 billion of assets we could have had for rolling out spectrum and putting in terms and conditions to lower costs for Canadians, as opposed to just raking that fund in. There is a \$3.6-billion surplus coming in with only \$170 million promised per year for the next 10 years and we're hoping this somehow fixes itself, with an aging CRTC that can't get a decision out its door in less than six months to a year and that has an appeals process that can take two years. It's absurd that we think we can do this without changing the direction.

I want to ask a quick connection question related to the connect to innovate program.

A recent response to a question on the Order Paper said that 892 applicants went into this program to connect to high-speed Internet from the government. Of them, 610 applicants have been advised they were not selected. The vast majority were not selected for a government program that was solely intended to create rural and remote broadband and other types of service.

Does anyone want to comment on that program and why it has such a small rate of uptake? Why would it be rejecting such a large number of applicants, given the fact that the whole program was created to have applicants succeed?

• (1855)

Mr. David Watt: I'll take a crack at it.

I think the reason is there was incredible interest in that program. It was a \$550-million program and my understanding is that all the money has been expended. I guess your question is that maybe more smaller projects should have been selected rather than the 280 that were, but my understanding is the full \$550 million was expended with the 280 projects. At Rogers we bid on a couple and we were unsuccessful.

I think that's the answer to the question.

Mr. Brian Masse: Were they unsuccessful because of a lack of access to funds or because they didn't meet the criteria of the program?

Mr. David Watt: I think they were unsuccessful because of the size of the funds available.

Mr. Brian Masse: Here we go again with another program the government has created, an access fund that is looking for partners out there, but it has been capped. The government has given up on its own program.

That's my whole point in all of this with regard to where we go forward. If the government is going to want to roll this forward, then perhaps we should think about public policies. If we're going to either lower prices or connect Canadians, that is in relation to what we're charging incumbents to get in there. I've even been around when we had Maxime Bernier looking for a white knight to clean up our act. That didn't take place either.

The Chair: Go ahead, Madam Prudham, I'll let you answer that, and that will be the end of the time.

Ms. C.J. Prudham: We've been successful and we've been unsuccessful in some CTI. One of the most important criteria is ensuring we're not overbuilding so that we're discouraging investments. Certainly in some of our projects that we know we were unsuccessful on, the issue was that a provider was there that people hadn't known about at the time. I think you can't make a broad general statement that we're just not funding everything. It's important not to discourage the small guys who are investing, and it's super important not to discourage small businesses in Canada.

The Chair: Thank you very much.

Unfortunately, that is all the time we have. We've just completed the third round.

As we only have a minute and a half left, I will thank the witnesses for their testimony this evening.

[*Translation*]

I want to thank you very much for your respective contributions, this evening.

[*English*]

Also, I would like to provide an update for the committee members.

Next week's meetings are going to be on Wednesday and Thursday, and the following week they will be on Monday and Friday.

On Wednesday next week we will be talking about the tie-in of fraudulent calls with COVID-19, and on Thursday we will be talking about contact tracing. The clerk will send out a notice to the vice-chairs, letting them know about the themes coming up, and we'll circulate that to the committee, but I just wanted to give you the heads-up.

With that, the meeting is adjourned.

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