



Pre-Budget Submission

Presented to the Standing Committee on Finance of the House of Commons

August 2020

Background

The Canadian Communication Systems Alliance (CCSA) represents more than 110 Independent companies providing internet, TV & telephone services to hundreds of thousands of Canadians in communities generally outside urban markets. CCSA members include community cooperatives, family businesses, municipalities and companies owned by Indigenous Peoples. Our members invest in infrastructure in areas where the large communications companies typically do not. Therefore, in rural areas, CCSA members are sometimes the only source of essential communications services.

Recommendations

- 1. Expedite financial support for rural broadband as critical infrastructure**
- 2. Direct funding for broadband to smaller, locally-based companies already in the field**
- 3. Remove barriers to broadband deployment**
- 4. Commit to imposing no new taxes or Canadian programming contribution obligations on Canadian ISPs**

Expedite financial support for rural broadband as critical infrastructure

The communications services CCSA members provide have become essential to Canadians during the Covid-19 pandemic, a fact that all governments have recognized and confirmed. CCSA members are committed to keeping Canadians connected during these challenging times, and to meeting increased demands for installations, higher speeds and more monthly data.

The quality of each Canadian's internet connection is dependent on where they live. While the majority of Canadians live in urban centres with good broadband connections, millions of others outside those centres continue to have issues connecting.

It is because of those deficiencies affecting multitudes of Canadians that CCSA strongly recommends that the government expedite its financial support for rural broadband, to help connect more Canadians more quickly.

CCSA's members are keeping Canadians connected through this current crisis. They also seek to expand their networks so they can connect even more. Yet the reality is that because of the low population densities in the areas they serve, it is uneconomic to build, operate and maintain such networks without government help. However, with funding support, properly allocated, and partnerships with government, locally-based service providers will be able to reach many more Canadians, and do it soon.

As the government looks at ways for Canada to recover both financially and socially from the COVID-19 pandemic, making expedited investments into rural broadband should be a top priority. Increased and expedited government investments in Canada's broadband infrastructure will advance the ability of all Canadians to participate in our digital economy. This will be crucial for stimulating economic recovery by generating employment opportunities and promoting business growth.

For Canada, the return from investing in rural broadband is clear: with universal access to quality broadband services, more Canadians will be able to fully participate in and contribute to our modern economy and help to get us quickly back on our feet.

Direct funding for broadband to smaller, locally-based companies already in the field

Our second recommendation is that the government direct funding for broadband so as to leverage the expertise, resources and networks that local communication service providers have already established. Smaller, local ISPs throughout Canada have tremendous value to add in extending broadband services to rural areas. As successful entrepreneurs, local providers have the expertise to get the best results and they really know how to stretch every dollar they might get from government. Because they are "on the ground" in their communities, it is local service providers who best understand their communities' needs. More importantly, it is local service providers who are the most motivated to provide the connectivity that their communities require to survive and thrive. That's because they live in those communities, too.

Remove of barriers to broadband deployment

As CCSA has emphasized in prior submissions to government and the CRTC on this subject, in building out rural broadband networks, every dollar must count and effective coordination among funding authorities at various levels is critical. Nevertheless, even with increased funding and efficient application of dollars, independent telecommunications providers face significant barriers in extending their broadband networks so as to provide affordable, competitive telecommunications services to customers.

The greatest barriers to broadband deployment, by far, are the unnecessary costs and delays associated with obtaining access to support structures, such as poles and ducts, owned by the major incumbent telecommunications providers and provincially-regulated hydro utilities. Affordable and timely access to poles is particularly critical for broadband deployment in rural areas where it is typically uneconomical or impossible to bury fiber underground.

Briefly, these cost and timing barriers arise from:

- Opaque, inconsistent and lengthy permitting processes;
- the transfer of support structure maintenance costs to telecom users; and
- anti-competitive practices by support structure owners.

The government can and should take steps to eliminate these barriers to broadband deployment.

For example:

- Uniform standards should be developed to govern the wholesale cost of support structure attachments, including engineering and other make-ready work, and the permissible time periods for processing attachment requests.
- Once such standards are developed, the CRTC or other governmental authorities (as their respective jurisdictions permit) must rigorously enforce them.

In addition, it is important for government to appreciate that support structure attachment costs represent a very significant portion of the total ongoing operating costs of a network.

Accordingly, to ensure that rural broadband networks, once built, can then be maintained, the government's broadband funding programs also need to account for those ongoing operational costs.

Another significant barrier independent operators face in deploying broadband is the high cost of broadband transport and backhaul. There is a wide variation in transport costs, depending largely – but not completely – on the location and remoteness of the market to be served. It is nearly impossible to operate a network at the high end of the wholesale price range, let alone make a business case for extending network facilities to new service areas.

The CRTC has the expertise to regulate these fees and the mandate to advance broadband connectivity. Therefore, in order to help ensure rural providers can operate networks and extend

broadband services to all Canadians, we ask that government direct the CRTC to re-regulate fees for broadband transport and backhaul.

Lastly, the high cost of licensed spectrum and the complexity of the spectrum auction process also represent barriers to broadband deployment. While laying fiber is the preferred method of extending quality broadband services, often the most cost-effective way to serve rural and remote areas is with fixed wireless technology. Government should support policies that promote timely and affordable access to the licensed spectrum needed to operate fixed wireless networks.

Commit to imposing no new taxes or Canadian programming contribution obligations on Canadian ISPs

As noted, CCSA's members are partnering with government to extend broadband services to parts of the country that are currently under-served. Any new tax or contribution obligations to support Canadian programming aimed at smaller, independent ISPs would jeopardize the achievement of this important, shared objective. We therefore recommend that the government not impose any new tax or Canadian programming contribution obligations on Canadian internet service providers.