

SUBMISSION TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON FINANCE'S 2021 PRE-
BUDGET CONSULTATIONS

List of Recommendations:

Recommendation 1: The Government of Canada should support the deployment of rural broadband infrastructure by: 1) amending the *Telecommunications Act* to enable the CRTC to regulate access to the support structures (ie. utility poles) of provincially-regulated utility companies, and 2) amend ISED's policy relating to the siting of wireless towers to address unnecessary delays.

Recommendation 2: Budget 2021 should increase the Capital Cost Allowance to 100% for Class 8 (radiocommunication equipment), Class 42 (fibre optics) and Class 46 (data network infrastructure equipment and systems software).

Recommendation 3: The Government of Canada should support the deployment of rural broadband by helping match Canadians looking for work to businesses looking to hire employees to support rural broadband expansion projects.

Introduction

Xplornet is pleased to participate in the House of Commons Standing Committee on Finance's 2021 pre-budget consultations.

Xplornet was founded 15 years ago in Woodstock, New Brunswick, with a simple mission: to make affordable, robust broadband available to every rural Canadian. Today, we are Canada's leading rural broadband service provider, connecting one million Canadians and employing over one thousand team members across the country. We have grown with our customers, by offering faster speeds and unlimited data at affordable prices.

The needs of rural Canadians have been top of mind for Xplornet since the COVID-19 outbreak began earlier this year. Many rural Canadians are now working from home. Rural schools were closed, with teachers trying hard to stay connected to their students. As vacation and travel remains limited rural families are keeping in touch on Zoom. In short, life has moved online – as much in rural Canada as in our biggest cities.

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

Xplornet continues to identify access to wireless spectrum as a critical need for rural broadband expansion. We welcome the provisions made for rural Internet providers in the structure of the upcoming 3500 MHz auction and encourage the Government of Canada to continue making rural broadband a priority in future spectrum auctions.

In 2020, there are a number of significant public investment programs coming online, from the Government of Canada's Universal Broadband Fund to Ontario's ICON program or Nova Scotia's NSITF. The funds made available by these programs ensure that rural broadband expansion will not be limited due to a lack of capital. However, the rapid deployment of next-generation networks in rural Canada can still be limited by red tape. Xplornet looks to elected officials to address these barriers by ensuring that the policy goal of expanded broadband access is not thwarted by well-intentioned efforts at regulation.

Promoting the deployment of rural broadband infrastructure

As noted above, the Government of Canada and provincial governments have been allocating significant funds to expedite the deployment of rural broadband infrastructure to Canadians living in areas of the country that remain without high-quality Internet services.

Unfortunately, numerous barriers exist that are preventing these programs from reaching the rural Canadians they are intended to serve.

For example, Xplornet has received a grant from ISED's Connect to Innovate program to deploy a new hybrid fibre-fixed wireless network in Eastern Ontario¹. As is generally the case with rural deployments, we require access to utility poles owned by provincial or municipal utility companies in order to place our telecommunications infrastructure. In this case, we require access to utility poles owned by Hydro One. Our inability to obtain reasonable and timely access to Hydro One's utility poles has introduced months

¹ <https://www.xplornet.com/about/news/xplornet-announces-major-fibre-expansion-plan-in-eastern-ontario/>

of delay into the timeline for our broadband deployment and is preventing us from bringing high-quality Internet service to rural Canadians.

The Canadian Radio-television and Telecommunications Commission (“CRTC”) regulates access to telephone poles owned by telecommunications service providers like Bell and Telus. However, the provisions in the *Telecommunications Act* that give the CRTC jurisdiction to regulate access to support structures, like telephone poles, only relate to support structures owned by telecommunications service providers. These provisions do not enable the CRTC to regulate access to support structures owned by other entities, like utility companies. In order to ensure that new broadband infrastructure can be efficiently deployed to rural Canadians, broad CRTC oversight over access to support structures is required.

We request that Parliament amend the *Telecommunications Act* to provide the CRTC with full jurisdiction to regulate access by telecommunications service providers to all support structures, including those owned by utility companies.

Other barriers also prevent infrastructure from being deployed to serve rural Canadians. Our fixed wireless infrastructure requires the placement of wireless towers. ISED maintains a policy² that requires a telecommunications service provider to consult with the public and/or local land use authorities before building a wireless tower at a given location. ISED’s policy states a loose expectation that a local land use authority will complete this consultation process within a period of 120 days. However, in our experience, these consultation processes can take considerably longer than 120 days. In order to prevent important infrastructure projects from being unnecessarily delayed, ISED should revise its policy to implement firm timelines surrounding consultation periods. Where a land use authority has not concluded its consultation within 120 days, the site location should be deemed to be approved, and the service provider should be permitted to proceed with the construction of its wireless tower.

Recommendation 1: The Government of Canada should support the deployment of rural broadband infrastructure by: 1) amending the *Telecommunications Act* to provide the CRTC with full jurisdiction to regulate support structures of all types, including those owned by utility companies, and 2) amending ISED’s policy relating to the siting of wireless towers to address unnecessary delays.

Accelerating Investment in Rural Broadband

The 2018 Fall Economic Statement introduced the Accelerated Investment Incentive, which provided an enhanced first-year allowance for certain eligible property, including property related to telecom network equipment. The Accelerated Investment Incentive has enabled a faster expansion of Xplornet’s network.

To further enable ongoing and future investment in the expansion of rural broadband networks, Xplornet recommends that Budget 2021 increase the Capital Cost Allowance from current rates to 100% - for the following three classes:

- Class 8: radiocommunication equipment;
- Class 42: fiber optics; and
- Class 46: data network infrastructure equipment and systems software.

This policy has successfully been implemented in the U.S and is also supported by the Canadian Wireless Telecommunications Association. This acceleration of the CCA rate would permit Xplornet to recover

² Client Procedures Circular CPC-2-0-03, *Radiocommunication and Broadcasting Antenna Systems*.

new investments in rural broadband infrastructure more quickly. It would also enable more rapid and more significant investments in network expansions and upgrades, including 5G network deployment, precisely when they are needed most.

Recommendation 3: Budget 2021 should increase the Capital Cost Allowance to 100% for Class 8 (radiocommunication equipment), Class 42 (fibre optics) and Class 46 (data network infrastructure equipment and systems software.

Investing in Employment and Skills Training

The COVID-19 pandemic has led to rapid changes in Canada's labour market. Industries centered on indoor dining and entertainment have seen significant employment loss, with jobs disappearing as consumers avoid crowded spaces like restaurants and movie theatres. However, demand in other industries, such as rural broadband, has been strong due to the extensive use of the Internet for online work and e-learning.

Xplornet employs a growing workforce to install, operate and maintain our nation-wide rural broadband network. With increased demand for broadband comes an increased need to hire employees to support the demand, and Xplornet invests considerably into each new hire by providing training in technical and customer support skills. However, in order to meet the demands of rural Canadians for faster Internet access, Xplornet will have to build a bigger team. We see a role for the Government of Canada in matching Canadians looking for work to companies looking to hire, especially those working on crucial rural broadband expansion projects. This assistance could come in the form of programs to support employer-provided training in the technical skills crucial to working in the rural broadband sector.

Recommendation 3: The Government of Canada should support the deployment of rural broadband by helping match Canadians looking for work to businesses looking to hire employees to support rural broadband expansion projects.

Conclusion

Xplornet has made substantial private investment in rural broadband, and has extensive plans for further expansion. These investments can be amplified by targeted public investments, but in order to ensure that public policies in support of rural broadband are not undermined, the Government of Canada should ensure that its regulatory frameworks do not hinder the rapid deployment of next-generation networks. The Government of Canada can also support rural broadband deployment by accelerating investments and supporting job creation by businesses building these next-generation networks.

Xplornet welcomes any opportunity to collaborate with parliamentarians on policies that will accelerate innovation in our digital world. We are pleased to contribute to the Standing Committee on Finance's pre-budget consultations and look forward to appearing before the Committee to discuss ways in which we can work together to improve adoption, service and reliability of rural broadband in Canada.

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