



**Written Submission for the Pre-Budget
Consultations in Advance of the
2021 Federal Budget**

By: TELUS Corporation

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Recommendation 1: Position Canada as a global innovation leader by enabling timely 5G technology deployment and increased rural connectivity by:

- Conducting a fair, open 3800 MHz spectrum auction with rigorous deployment conditions to allow for timely 5G deployment and increased rural connectivity for the benefit of all Canadians;
- Ensuring a consistent and predictable regulatory ecosystem that fosters investment in key digital technology infrastructure.

Recommendation 2: Increase liquidity and stimulate investment for all industries (including telecommunications) seeking to rebuild following COVID-19 by:

- Accelerating the Capital Cost Allowance (CCA) rates to 100% across all asset classes; and
- For telecoms specifically, increasing CCA rates for Class 3 (towers, poles, conduits, manholes), Class 14 (spectrum), Class 42 (cables, including fibre optic), and Class 46 (data network infrastructure equipment), and eliminate the “available-for-use” rule which prevents companies from claiming CCA on a capital project until completion.

Recommendation 3: Leverage digital technology to strengthen Canada’s healthcare systems and deliver better patient outcomes by:

- Supporting the adoption of virtual care through funding mechanisms and by establishing pan-Canadian standards that: endorse an expansive definition of virtual care; allow for patient-initiated virtual care without creating silos of disconnected patient information; protect and facilitate continuity of care; and that enable virtual care to be delivered at scale.
- Supporting the adoption of Remote Patient Monitoring to enable those managing multiple chronic conditions to do so safely from home under the remote digital monitoring of healthcare professionals.
- Support the mental health and wellbeing of citizens and healthcare frontline workers with apps that deliver 24/7 access to mental healthcare professionals, group counselling, and purpose-built resources directly from individuals’ smartphones.

Recommendation 4: Protect critical connectivity infrastructure to secure our digital future by:

- Implementing legislation that will give law enforcement the tools needed to protect critical infrastructure from damage, which occurs typically in the process of theft and vandalism.

Main Submission

Background

Proudly Canadian, TELUS is committed to positioning Canada for success in today’s modern, global and digitally connected economy. With a team of 26,000 employees from coast to coast, we are delivering on this commitment and driving better economic, social, and health outcomes for all Canadians.

Our employees live by the philosophy to ‘give where we live’, donating more than \$55 million and volunteering 1.14 million hours to charitable causes and community organizations in 2019 alone. These

community investments are on top of the roughly \$1.2 billion in federal tax revenue TELUS generates annually to help support important social services.

With capital and operational investments totalling over \$64.3 billion between 2015-2019, we continue to do our part in ensuring Canada has the digital technology infrastructure ecosystem to connect and innovate. With billions of dollars of investment earmarked in the coming years as we prepare to deploy 5G and expand rural connectivity, TELUS is making significant contributions to ensure Canada keeps up with the pace of global technological change. Our investments will span throughout Canada, in both urban and rural areas, and will include a focus on bridging the digital divide in remote regions and with Indigenous communities.

Key Themes

Positioning Canada as a global innovation leader by enabling timely 5G technology deployment and increased rural connectivity

COVID-19 has exposed the criticality of high speed internet access for all Canadians. Rural Canada urgently needs access and the federal government has the tools to incentivise rapid rural deployment now without adding additional burden to the federal budget.

The Government of Canada can improve rural connectivity in three ways:

1. Make more spectrum available
2. Make spectrum licences conditional upon rural deployment “use it or lose it”
3. Simplifying, coordinating and increasing government programs that contribute to infrastructure funding

TELUS recommends that better spectrum policy will achieve better rural outcomes in a more cost-effective and expedient manner. Spectrum is a critical public resource and should be put to use for the good of all Canadians. With sufficient spectrum, telecoms companies like TELUS can improve rural connectivity through the expansion of Wireless High Speed Internet offerings at download speeds of up to 50 Mbps. By ensuring that all upcoming spectrum auctions have maximized the amount of spectrum available, are open and unencumbered (no-set asides) and have meaningful deployment conditions for rural Canada across accelerated timelines (i.e. use it or lose it), the government can accelerate deployment for rural Canadians.

Additionally, the government can better ensure rapid deployment by coordinating funding programs like the Universal Broadband Fund and Connect to Innovate with provincial and municipal equivalents. By simplifying the application process and aligning with the provinces and municipalities, the federal government can maximize the value of its investment and encourage more ISPs to apply, invest, and build.

Increasing liquidity and stimulating investment for industries seeking to rebuild following COVID-19

COVID-19 has had a devastating impact on the Canadian economy and recovery for many industries will require significant capital investment, including the telecommunications sector. Accelerating CCA rates across all asset classes is an effective policy that would provide much needed relief to capital-intensive industries and help make Canada’s tax system more competitive, providing long-term benefits to Canada’s economy.

For the telecoms sector, increasing CCA rates for Class 3 (towers, poles, conduits, manholes), Class 14 (spectrum), Class 42 (cables, including fibre optic), and Class 46 (data network infrastructure equipment) would help increase liquidity and stimulate investment at a time when facilities-based providers are

expected to invest billions of dollars to rollout 5G wireless services and improve rural connectivity across Canada. In addition, TELUS recommends the elimination of the “available-for-use” (AFU) rule, which prevents companies from claiming any CCA on a capital project until it is complete.

Raising the base CCA rates equitably applies to all telecoms companies, encourages capital spending on networks during a period when the financial pressure on the industry from COVID-19 might otherwise discourage such spending, and supports Canadian suppliers. The AFU proposal matches the CCA allowance to the year in which the funds are expended which will be important to encourage spending as companies are still in the process of regaining sound financial footing.

Leveraging digital technology to strengthen Canada’s healthcare systems and deliver better patient outcomes

Budget 2021 considerations regarding healthcare must be fully grounded within the context of COVID-19. While the anticipated second wave of the virus is yet to be fully realized in Canada, what is certain is the ongoing demand on healthcare from citizens managing chronic conditions and other regular health requirements not related to the pandemic. Additionally, mental health needs are expected to increase significantly among frontline care providers, clinicians and first responders, not to mention among citizens experiencing financial and other stresses related to the ongoing pandemic.

COVID-19 has shone a light on the need for digital health solutions and the efficacy with which they can enable faster and more equitable access to care. Against this backdrop, we recommend the Government of Canada:

- Support the adoption of virtual care in all provinces and territories through funding mechanisms and by establishing pan-Canadian standards that: (1) endorse an expansive definition of virtual care; (2) allow for patient-initiated virtual care without creating silos of disconnected patient information; protect and facilitate continuity of care; and (3) enable virtual care to be delivered at scale.

TELUS Health solutions including Akira, Babylon, and EMR Virtual Visits are already playing an important role in bringing virtual care to Canadians. To bring such capabilities to scale across the country, we encourage the government to ensure physicians are equipped with virtual visit technologies, and that compensation blockers are removed so physicians can be remunerated for virtual/telehealth consultations with their patients.

- Support the adoption of Remote Patient Monitoring in all provinces and territories to enable those managing multiple chronic conditions to do so safely from home under the remote digital monitoring of healthcare professionals, thereby enabling clinicians to care for hundreds of patients at once while reducing strains on the healthcare system.

We encourage the government to examine the work of British Columbia, Alberta, Ontario, and Nova Scotia in implementing TELUS Health’s Home Health Monitoring (HHM) solution to safely care for large numbers of citizens at risk of, or recovering from, COVID-19, as well as vulnerable populations managing chronic conditions. Such programs enable citizens to manage their health from the safety of their own home while increasing clinician capacity and reducing the burden on health system resources.

- Support the mental health and wellbeing of citizens and healthcare frontline workers, including clinicians and first responders, with apps that deliver 24/7 access to mental healthcare professionals, group counselling, and purpose-built resources directly from individuals’ smartphones.

Specifically, we encourage the government to consider equipping every Canadian with a downloadable, fully customizable app from which they can access purpose built mental health resources, access to mental health professionals, and online counselling. TELUS Health's Espri application has been designed specifically for this purpose.

Protecting critical infrastructure to secure our digital future

As connectivity has become a critical service for Canadian families, businesses, and emergency services, it is important to ensure that infrastructure is adequately protected. TELUS recommends the Government of Canada implement legislation that will give law enforcement authorities the tools they need to protect critical infrastructure from damage that typically occurs in the process of theft or vandalism.

TELUS has repeatedly experienced copper wire theft from our above ground telephone lines in Alberta, British Columbia and Quebec for many years. When this occurs, service is disrupted (often in rural communities) and puts the safety and well-being of Canadians at serious risk.

For example, last October in Burnaby, BC, over 2,100 customers were left without access to essential services when thieves cut into conduit running underneath a bridge deck in order to access cabling. In this instance, not only did criminals put their lives in danger due to the location and services carried on the cabling, but their actions caused a loss of access to 911 emergency services and interrupted communication services for the local RCMP detachment.

In 2019 alone, over 32,000 TELUS customers were left without access to lifeline services for a total of 35 million minutes as a result of 193 separate incidents of theft, costing millions in damages and associated costs. Currently, the Criminal Code of Canada treats the theft of copper wire to be theft of under \$5,000. When arrests do occur, criminals receive minimal charges, and often have cases thrown out due to the low value of the case to prosecutors. Consequently, repeat offences are common and the communities we serve continue to be put at risk.

More recently, arsonists in Quebec set fire to 13 cell towers causing significant damage, in some cases leading to a loss of service for nearby residents. In one instance, two individuals were apprehended by police and charged with arson, one of whom was later released on bail. Additional incidents of arson against cell towers occurred after these individuals were arrested. Similarly to copper theft, the charges for arson against critical infrastructure are not severe enough to deter this criminal activity from reoccurring.

It is imperative that our national communications infrastructure be recognized for the pivotal role it plays in delivering essential services. TELUS recommends the federal government amend the Criminal Code to deter theft and destruction of communications infrastructure, thereby maintaining the safety and security of all Canadian citizens.

Conclusion

In closing, TELUS is proudly Canadian and our commitment to delivering for our family, friends and neighbours is unwavering. The pace of technological change we are facing is fast and we must remain nimble as a country to leverage the opportunity in front of us so all Canadians can benefit.

TELUS looks forward to continued dialogue with the Government of Canada on how we can work together to position all Canadians for success in a quickly evolving world.

We appreciate the opportunity to submit these recommendations.