Mr. Kevin Sorenson, M.P.
Chair, Standing Committee on Public Accounts
House of Commons
Ottawa, Ontario K1A 0G6

Dear Mr. Sorenson:

On behalf of the Government of Canada, we are pleased to respond to the Report of the
Standing Committee on Public Accounts report entitled *63rd Report of the Standing
Committee on Public Accounts, Report Entitled: Report 1, Connectivity in Rural and
Remote Areas, of the 2018 Fall Reports of the Auditor General of Canada*, pursuant to
Standing Order 109 of the House of Commons.

The Government of Canada (GOC) extends its gratitude to the Committee for its work in
reviewing the Auditor General of Canada's (AGC) report on rural broadband
connectivity, and for the Committee's efforts in developing its own report
and recommendations.

The GOC recognizes the importance of access to affordable, reliable, and high-quality
broadband Internet and mobile services for Canadian consumers, businesses, public
institutions, and Indigenous communities. Canadians need access to these networks for
communicating with friends and family, selling goods and services online, expanding
into new markets, and accessing government services such as healthcare and education.
The Prime Minister's appointment of Canada's first Minister of Rural Economic
Development in January 2019 further underscores the Government's commitment to
addressing rural challenges and opportunities, including with respect to high-speed
Internet connectivity.

This report demonstrates the Committee's dedication to finding ways to improve
broadband access in rural and remote areas across the country. The GOC has carefully
considered the report and its recommendations, and is taking concrete actions to deliver
on the recommendations set out in the report. At the same time, the Government will
continue to explore ways in which its policies and programs can be further improved to
support the expansion of ubiquitous broadband Internet and mobile networks to all
Canadians in the most effective manner possible.

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Development and implementation of the Government of Canada's national connectivity strategy, as well as progress on future broadband program design parameters and implementation timelines (Recommendations 1 and 3)

The GOC has made significant strides towards developing a national connectivity strategy, and on future broadband program design and timelines. We are pleased to offer the Committee an update on our progress.

In the spring of 2018, the GOC formalized the establishment of a Federal-Provincial-Territorial Connectivity Committee to collaboratively evaluate broadband gaps and targets, share information, develop a policy framework, and coordinate forward planning on broadband. Since that time, we have been working very closely with our provincial and territorial counterparts to conduct comprehensive and robust broadband gap and costing analysis to identify gaps in broadband Internet coverage, as well as mobile coverage along major roads and highways across Canada.

In October 2018, the GOC reached a first of its kind agreement with our provincial and territorial partners on broadband strategy principles that will work towards ensuring that all Canadians have access to high-speed Internet and the latest mobile wireless services. As we have been moving forward, we have been guided by the themes of access, collaboration and effective investments in order to help ensure that we develop a coherent and systematic approach to addressing varying broadband needs across the country, and a national connectivity strategy that takes into account regional and local considerations.

In winter 2018/spring 2019, the Government continued discussions with our provincial and territorial counterparts, further refining research and analysis on coverage baselines, and gap and costing analysis. We also worked collaboratively to share information on program coordination and implementation considerations, including on best practices and lessons learned, and examined complementary measures such as access to passive infrastructure (e.g., the use of existing infrastructure such as poles, underground conduit, and rights-of-way for the purposes of network deployment).

In Budget 2019, the GOC followed up on the October 2018 agreement by announcing historic investments in connectivity – the single largest investment in connectivity in Canada's history. We set a national target in which 95 percent Canadian homes and businesses should have access to speeds of at least 50/10 Megabits per second (Mbps) by 2026 and 100 percent by 2030, no matter where they are located in the country. We proposed a new coordinated plan to deliver $5-6 billion in new investments to help achieve these objectives, which includes:

- $1.7 billion for a new Universal Broadband Fund, new investments in the Connect to Innovate program, advanced new low-earth orbit satellite capacity to serve the most rural and remote regions of Canada, and funding for Statistics Canada surveys to better measure household and business Internet use;

- Investments of $1 billion by the Canada Infrastructure Bank, with leverage of at least $2 billion from the private sector to increase broadband access for Canadians;
- Support through the Accelerated Investment Incentive to encourage greater investments in rural high-speed internet from the private sector; and
- Greater coordination with provinces, territories, and federal arm's-length institutions, such as the Canadian Radio-television and Telecommunications Commission (CRTC) and its $750 million broadband fund.

As we work towards implementing these significant initiatives, the GOC intends to move as quickly as possible because we know that connectivity is critical for Canadian consumers, businesses, public institutions, and Indigenous communities to succeed in the digital age. We are already seeing some immediate results. Several private sector operators have made substantial commitments to broadband Internet and mobile wireless network expansion in rural and remote areas as a result of the Accelerated Investment Incentive announced in the 2018 Fall Economic Statement.

In the near term, we will be moving quickly with the new investments in the Connect to Innovate program announced in Budget 2019. This will draw from an existing and already assessed pool of high-quality projects, allowing projects to proceed quickly and maximize benefits to Canadians. This will build on the success of Connect to Innovate announcements that have already been made, where funded projects will extend broadband Internet access to 900 rural and remote communities – including 190 Indigenous communities across Canada. The new funding for Connect to Innovate will allow the GOC to bring high-speed connectivity to even more rural and remote communities.

The GOC is also supporting broadband connectivity through several existing initiatives. Broadband is one of the eligible areas for investment under the $2 billion Rural and Northern Communities Stream of the *Investing in Canada* Infrastructure Program administered by Infrastructure Canada. Under the fund, provinces and territories (PTs) are responsible for prioritizing projects and engaging with municipalities and Indigenous communities in this regard. Connectivity is also eligible under Infrastructure Canada's Gas Tax Fund. PTs can already make use of this funding. For instance, in March 2019, the GOC and Prince Edward Island announced investments in high-speed broadband that will deliver broadband Internet services to almost 30,000 residents across the island through the Rural and Northern Infrastructure Stream of the *Investing in Canada* infrastructure plan.

Canada's telecommunications regulator, the CRTC is also taking complementary action on broadband. We anticipate that the CRTC's $750 million broadband fund will come online very soon. The CRTC fund will help contribute towards our shared goal of closing

the connectivity divide and the expansion of broadband Internet and mobile services in underserved areas across the country.

As the GOC moves forward with the Universal Broadband Fund, we will take into consideration program evaluations and lessons learned from past programs such as Connecting Canadians and Connect to Innovate, as well as feedback from stakeholders including the private sector, provincial and territorial counterparts, as well as findings from various entities including the AGC to help ensure we are maximizing the outcomes of public spending and minimizing negative commercial effects on the private sector. An important part of our approach will also be to establish a data strategy that will better allow us to assess how improved access to broadband networks leads to the adoption of service.

We will also consider changes in technology and the growing demands of new services and applications to ensure Canadians have the services they need to succeed over the next decade. This will mean leveraging a variety of technologies including next generation fibre networks, advanced wireless networks such as fixed Long Term Evolution (LTE), and next generation satellite networks such as low-earth orbit (LEO) satellite constellations. Given Canada's large and challenging geography, the Government recognizes that a range of technologies will play an important role in ensuring that Canadians across the country have access to the broadband services they need at affordable price points.

Our strategy will also be supported by existing complementary measures. In Budget 2018, the GOC proposed funding of $100 million over five years for the Strategic Innovation Fund, with a particular focus on supporting projects that relate to LEO satellites and next generation rural broadband. In June 2017, the Government announced a streamlined licensing framework to support the deployment of next-generation satellites, including LEO satellites. This action will allow more satellite-based providers to enter the market and extend high-speed Internet services to Canadians in rural and remote communities across the country.

The GOC is also undertaking a comprehensive review of Canada's communications legislation. We appointed an expert panel to examine whether the right legislative tools are in place to further, among others, the objective of affordable high quality access for all Canadians, including those in rural, remote and Indigenous communities. The panel conducted extensive public consultations from September 2018 to January 2019. The panel intends to publish a report on what it heard through its consultation process in the spring of 2019, and announce any further consultation process, if any, at that time. The Panel is expected to issue its final report and recommendations to the Government by January 31, 2020.

Finally, the GOC also recognizes the importance of passive infrastructure for network deployment. Efficient and timely access to these assets can dramatically reduce deployment costs, avoids unnecessary duplication, and allows for faster deployment. As

we implement our strategy, we are committed to continuing to encourage collaborative efforts to help reduce deployment costs and help address potential barriers to investment.

Collectively, this comprehensive suite of actions will inform our national connectivity strategy. We intend to publish this strategy very shortly. The strategy will establish clear objectives and targets against which progress can be measured against; provide a tool to guide efforts and improve outcomes for all Canadian homes, businesses, public institutions, and Indigenous peoples; and create accountability and responsibility for all levels of government to contribute towards eliminating the digital divide.

Collaboration with the CRTC on broadband data and mapping to ensure that information is updated regularly while respecting the confidentiality of service providers' data (Recommendation 2)

The GOC recognizes the importance of broadband data and mapping to inform evidence based policy development, and provide broadband stakeholders with information on broadband availability and gaps.

Innovation, Science, and Economic Development Canada (ISED) has worked with the CRTC to update and publish an interactive map showing the availability of broadband connectivity in Canada at 5/1 Mbps and 50/10 Mbps. A map detailing coverage availability has been posted publicly and is being updated with new information no less than twice per year. In addition, the underlying demographic information and service availability data as shown visually on the map have been posted publicly on the GOC Open Data Portal.

With an objective to further advance the level of detail available, ISED has engaged with the CRTC, Internet service providers (ISPs), and other stakeholders to highlight confidentiality restrictions and propose alternative formats and approaches. Formal ISP engagement is expected this summer which is necessary to enable further refinement of what can be made publicly available.

Spectrum policy initiatives, including spectrum auctions, and related measures including the size of geographic areas, deployment conditions, subordinate licensing incentives, and secondary markets (Recommendations 4 and 5)

The GOC is committed to ensuring that Canadian consumers, businesses and public institutions continue to benefit from access to high quality wireless networks at competitive prices. Wireless technology is a key component of connectivity for rural homes and businesses, particularly in areas where wireline solutions are not economically or technically feasible. As such, ISED works to ensure that spectrum resources are available through a variety of licensing methods, such as auctions and non-competitive

licensing processes, for the various services (e.g. satellite, mobile and fixed wireless) that offer connectivity to rural Canadians.

ISED has completed several spectrum actions in response to recommendations from the 2018 AGC audit on rural broadband connectivity, and is working towards implementing them through various spectrum policy and licensing processes. For instance, in November 2018, ISED initiated a consultation on a new set of smaller service areas for spectrum licensing to complement ISED's existing suite of spectrum licensing mechanisms. ISED is analyzing these comments for the development of a decision. Consultations are also ongoing with respect to the deployment requirements for planned spectrum releases outlined in ISED's five-year Spectrum Outlook (2018–2022).

On April 4, 2019, ISED concluded the 600 megahertz (MHz) auction. The auction set aside 43 percent of the available spectrum specifically for regional providers (i.e. not the three national incumbents), which resulted in regional competitors acquiring spectrum in every province and territory. This spectrum will enhance the provision of competitive mobile services across the country, including in rural areas. All 600 MHz licences also feature increased deployment conditions, which will require licensees to deploy further and further out into rural areas over the life of the licence. Consultations for other frequency bands, including the 3500 MHz and millimetre wave (mmWave) bands, are in development, and ISED will continue to consult on deployment requirements and the size of the licence area for any future auctioned spectrum.

With respect to developing strategies to foster secondary markets for unused spectrum in underserved areas, ISED undertook preliminary outreach to small Wireless ISPs (WISPs) which was completed in September 2018. Information from this preliminary outreach was used to develop a plan to study various issues, including an analysis of spectrum available in underserved areas, and to inform further outreach. In March 2019, ISED reached out to approximately 300 WISPs to review issues associated with access to spectrum including those related to secondary markets through either subordinate licence and/or transfer agreement. ISED has received approximately 110 responses which are currently being analyzed. This information will be leveraged to develop or refine licensing rules and processes, including those related to the secondary market, and to address information gaps for WISPs who are seeking to provide services to rural and remote areas. The resulting study is expected to be completed by September 2019.

Conclusion

The GOC would like to reiterate its gratitude to the members of the Committee for their work and dedication to the completion of this study and advancing rural broadband connectivity across Canada. The Government is pleased to provide this update on its progress towards these recommendations, and will continue to work with key

stakeholders including the private sector, PTs, Indigenous communities, not-for-profit organizations, and civil society in promoting access to high-quality, robust, and affordable broadband networks.

Sincerely,

The Honourable Navdeep Bains, P.C., M.P. The Honourable Bernadette Jordan, P.C., M.P.
Minister of Innovation, Science   Minister of Rural Economic Development
 and Economic Development