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• (1100)

[English]

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

Welcome to meeting number 12 of the House of Commons Standing Committee on Industry, Science and Technology.

[Translation]

I want to acknowledge the presence of our colleague Mr. Généreux and welcome him to the committee.

[English]

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

To ensure an orderly meeting, I'd like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of "floor", "English" or "French".

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. We do not have any MPs in the room, so we won't need the proceedings and verification officer to turn it on and off. All comments by members and witnesses should be addressed through the chair. When you are not speaking, your mike should be on mute.

With regard to a speaking list, the committee clerk and I will do our best to maintain the order of speaking for all members, whether they are participating virtually or in person.

Pursuant to Standing Order 108(2) the committee is meeting today to resume its study on the accessibility and affordability of telecommunications services in Canada. We have two panels today. In our first panel are witnesses from BCE Inc.: Robert Malcolmson, executive vice-president, chief legal and regulatory officer and Jonathan Daniels, vice-president, regulatory law.

In our second panel we will have Raymond Noyes from ACORN Canada. From SSi Canada, we have Mr. Jeff Philipp, founder and chief executive officer and Dean Proctor, chief development officer.

Each witness will present for up to seven minutes followed by our rounds of questions.

I will now turn the floor over to BCE.

Mr. Robert Malcolmson (Executive Vice-President, Chief Legal and Regulatory Officer, BCE Inc.): Thank you.

Madam Chair and honourable committee members, my name is Robert Malcolmson. I'm the chief legal and regulatory officer at BCE and Bell. With me today is Jonathan Daniels, BCE's vice-president of regulatory law.

I would first like to point out that Bell Let's Talk Day, the world's foremost event when it comes to raising awareness and driving action on mental health, is taking place two days from now, on January 28, and we enthusiastically invite everyone to join the conversation.

Turning to the matter at hand, our goal at Bell is to advance how Canadians connect with each other and the world. To help achieve this objective, we invest approximately \$4 billion in networks and services every year. We also work with governments at every level, and communities of all sizes, to ensure as many Canadians as possible have access to high-quality connections.

For almost a year now, the COVID-19 pandemic has put the capacity, and capabilities of Canada's communications infrastructure to the test. At Bell, we're very proud that our networks and services have met this unprecedented challenge.

Importantly, at the outset of the pandemic, Bell adopted a wide range of measures to maintain the health and safety of our customers, and to help Canadians manage through the crisis. Consumers, businesses, governments, educators, students, health care workers, first responders and mental health providers have all relied on Bell for the communication services and equipment they need, and we've delivered.

Despite the many COVID-19 challenges facing our own business, including declining revenues, tens of thousands of employees working remotely, and significant changes to our retail and local news operations, we made the strategic decision early on to accelerate our new network builds, especially in rural areas.

We did this because, now more than at any other point in Bell's 140-year history, it's more important than ever before that as many Canadians as possible have access to reliable connectivity to better navigate life and work.

As CRTC data for 2019 shows, while about 92% of rural households in Canada were able to access the commission's previously targeted download speed of five megabits per second, and almost 78% could access download speeds of 25 megabits per second, the gap widens as broadband objectives and needs continue to evolve.

To help close this digital divide, at the outset of the pandemic, we ramped up deployments of our wireless home Internet service to reach 137,000 additional rural households by the end of April. We also pushed forward an important upgrade to the service, doubling download and upload speeds to 50 and 10 megabits per second, respectively, by late 2020. We continued to accelerate rollouts in the second half of the year to reach an additional 80,000 rural households, including the start of deployments to rural areas in Atlantic Canada in the fall.

Today, our wireless home Internet is available to approximately 480,000 rural households. We expect the service will ultimately reach one million homes and businesses in Ontario, Quebec, Atlantic Canada and Manitoba.

To be clear, Bell increased and accelerated deployments of wireless home Internet without any direct government funding. However, we are also ready, willing and able to work with governments, and indeed we are, and local communities where there is simply no business case to expand and improve broadband connectivity without some level of government support.

Today we are participating in a range of funding programs, including provincial programs in Quebec and Nova Scotia and the first phase of the CRTC broadband fund, the latter leading to significant additional investment in Canada's north.

We are also submitting applications to the improving connectivity in Ontario program, the second phase of the CRTC broadband fund and, of course, the federal government's universal broadband fund.

Finally, we have taken actions to improve access by regional service providers to our existing support structures, especially in the province of Quebec. These programs and initiatives combine available private and public sector resources to ensure Canadians in remote and underserved areas of the country can access better broadband.

• (1105)

However, there are also practical actions that we think government and regulators could take to address Canada's rural broadband needs faster and more effectively. These include the following. One, without delaying pending projects, consider combining federal government broadband funds currently available from three sources—the UBF, the CRTC broadband fund and potentially the Canada Infrastructure Bank—into one superfund that could support large-scale rural broadband projects. Two, direct additional sources of funding, such as proceeds from auctions of public spectrum, towards rural broadband projects. Three, incentivize public-private

partnerships through existing entities like the Infrastructure Bank. Finally, and importantly, adopt balanced regulatory policies that prioritize investment in networks by companies that are prepared to risk private capital to build connectivity.

For our part, Bell continues to fully fund deployments of world-class networks and services, and we believe it's in the public interest that government and regulatory policies support these ongoing investments.

Our next-generation, all-fibre connections are now available to 5.6 million customer locations, and as I mentioned, our innovative wireless home Internet service is also meeting the broadband needs of growing numbers of Canadians in rural and suburban fringe areas where the costs to deploy fibre to the home are exceedingly high.

We are also moving Canada forward with investments in 5G wireless technology. Having launched our initial 5G service in urban centres in 2020, Bell is poised to offer 5G far more broadly in 2021. Importantly, the availability of spectrum as well as ongoing policy and regulatory support for facilities-based competition will be major factors that determine how far we are able to go with 5G.

To conclude, in 2020, we saw with remarkable clarity the benefits of supporting facilities-based competition. Canada's network infrastructure, bolstered by billions of dollars of private investment over many years, has delivered despite unprecedented demand.

Thank you.

• (1110)

[Translation]

The Chair: Thank you.

We'll now begin the first round of questions.

Mr. Généreux, you have the floor for six minutes.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you for your warm welcome, Madam Chair. I'm very pleased to be sitting on the committee starting today.

Mr. Malcolmson, you just said in your presentation that you had access to three federal funds, one from the CRTC and two from the government.

I gather that you think that there should be only one fund, because it would be simpler. Is that what you're saying?

[English]

Mr. Robert Malcolmson: One of the observations we have is all levels of government and regulators are quite admirably putting together broadband funds. The issue is, I think, if we were starting over again and designing the perfect mousetrap, we would consider putting all those funding mechanisms into one centrally administered fund. We think that would hopefully create some efficiencies in the allocation and rollout of broadband funding.

Right now it's a bit of a patchwork quilt of funding, and we understand why, because there are different constituencies and interests that need to be served by various levels of government.

But in a perfect world we would say—we have called it a super-fund in our remarks today—that one fund centrally administered and efficiently delivered, the last point being the most important, could expedite the rollout of broadband at a time when Canadians clearly need it.

Mr. Bernard Généreux: Okay. Thank you.

[Translation]

Do you have any specific requests for the upcoming spectrum auctions that would help provide better service to rural areas?

Montmagny—L'Islet—Kamouraska—Rivière-du-Loup has 58 different municipalities. Telus operates in at least half of them, and Bell operates in the other half. In my constituency, I can see that Telus is much better structured than Bell when it comes to delivering services, particularly in the more remote towns and municipalities, which currently receive much less service.

In terms of what the government is proposing for spectrum, could anything be changed to improve service and to ensure that these smaller municipalities are also well served?

[English]

Mr. Robert Malcolmson: As I said in our opening remarks, at the outset of the pandemic, despite the various challenges facing our own business, we did make the strategic and concerted decision to accelerate the rollout of our investment in rural and small communities with our wireless home Internet product. As I mentioned, we rolled it out initially to 137,000 households early on in the pandemic and added an additional 80,000 households.

In terms of spectrum, your question is a good one because we use the wireless home Internet technology in smaller rural areas because fibre is simply too expensive to build out. There's no business case for it, and often it's interrupted by geography and climate challenges, so wireless home Internet is the answer to connect last mile rural communities.

The issue with wireless home Internet is it relies on wireless spectrum, and until more spectrum is released in upcoming spectrum auctions, the cellular towers that you see in areas like yours that feed homes and communities are often congested and constrained due to a lack of spectrum as traffic increases.

We're very anxious to participate in the upcoming 3,500 megahertz auction. We believe that, assuming people get their fair share

of spectrum in that auction, we will be able to improve and extend that service.

• (1115)

[Translation]

Mr. Bernard Généreux: I want to ask you about the measures announced by the government. The government announced \$1.7 billion last year, even before the latest budget. The money was actually announced earlier, but the announcement was repeated this year. The government said that the rural areas would be the main recipients of the money. However, I don't think that this is the case. In any event, at this point, it doesn't seem that the government has really put in place the right tools to properly serve rural areas.

What are your thoughts on this matter?

[English]

Mr. Robert Malcolmson: I think the government's efforts to fund rural broadband, and I'm speaking in particular of ISED's universal broadband fund and to a lesser extent the CRTC's broadband fund, are certainly major steps in the right direction.

It's a bit of an intractable problem in connectivity because the cost of extending it to every corner of our country is never-ending and exponentially increasing as traffic demand and demand for higher speeds, lower latency, etc., are made by consumers.

It's a difficult issue to solve. It requires exponential amounts of both private and public sector investment. I think the trick here is, as I said in my remarks, to figure out ways to expedite access to funding, to figure out ways to incentivize the private sector to continue to invest private sector capital and to ensure that our regulatory policies are such that they don't undermine investment.

From where we sit, there are a number of regulatory policies that, in fact, undermine investment and impede our ability to roll out to rural areas.

The Chair: Thank you.

Our next speaker is MP Jaczek.

You have the floor for six minutes.

Ms. Helena Jaczek (Markham—Stouffville, Lib.): Thank you, Madam Chair and thank you, Mr. Malcolmson, for your testimony, which has dwelt very heavily on the accessibility side of things. As you know, this committee is studying not only accessibility but affordability.

Do you think there is an affordability problem for Canadians in the current situation?

Mr. Robert Malcolmson: Certainly there is an affordability problem for low-income families. This is a problem that will exist across the board with all sorts of consumer products.

We have participated and continue to participate in a program known as the connecting families program, whereby we offer \$10 home Internet to qualifying low-income families. We're proud to say that this program is rolled out to, I think, 52,000 Canadian families. Of that group, Bell Canada is the largest provider to this subset.

Moving on from low-income families to the general population, we've heard lots over the past few years about wireless affordability, so I will start there. Then I would ask Jonathan to talk a little about wire line or home Internet affordability, if time permits.

On wireless, I think we made extremely great progress. If you look at the CRTC's data from 2016 to 2019, for example, which is the most recent data available, the average price for a five-gigabit wireless plan has decreased by 37%.

Another recent study by PwC in 2019 found that wireless services were more affordable in Canada than in peer countries such as Australia and the U.S.

StatsCan recently published a wireless price index showing that wireless cellular pricing has declined by 19% versus the overall price index for all consumer items, which had increased by about 3%. I think, then, we're making great progress. We offer low-cost wireless plans.

I'll give you one example. We launched a prepaid wireless service known as Lucky Mobile, which offers a \$15 wireless service. Our flanker brand, Virgin Internet, offers one gig for \$28. We're making, then, very good progress.

We're also making progress on ISED's 25% price reduction, which was mandated across the two-, four- and six-gigabit plans and we work closely with ISED to be active participants in that. We're about halfway to the goal of a 25% price reduction.

Finally, I would just comment that unlimited plans, which are the function of the vigorous competition in our Canadian wireless industry, have really transformed the market. Gone are the days when consumers were getting extremely expensive overage charges on their wireless bills. Now, if you are a heavy user, you can get an unlimited plan, which we offer in the range of \$65. There have been competitive offers that have been much lower than that.

To answer your question, then, I think that on the wireless side progress is being made and will continue to be made, given the competitive intensity in the marketplace.

If you want to hear about wire line or home Internet, I can ask my colleague Jonathan to give you a brief comment. I'm in your hands, Madam Chair.

• (1120)

Ms. Helena Jaczek: Thank you. Perhaps we could have you elaborate a little bit more on how you are going to reach the 25% reduction in prices that our government has initiated. You've alluded to the fact that you're making progress. Could you perhaps elaborate on your plan for the next two years?

Mr. Robert Malcolmson: As I said, in the last report published by ISED we're about halfway there.

The interesting thing about that program is the plans that are subject to the targeted price reduction. We're seeing that consumers want more and more data, so some of those plans are becoming less popular with customers.

The other thing that's happening is that you are seeing higher data usage plans' prices coming down. That's not by virtue of any form of government intervention; it's simply by virtue of the operation of the competitive marketplace among facilities-based providers.

I think that to get to where the government would like to go and to ensure that Canadians have access to very competitively priced wireless services, we need to continue the path that the government embarked upon in, I think, 2008, with the introduction of facilities-based wireless competitors—the likes of Shaw, Vidéotron and Eastlink—that are having a real impact on the competitive dynamic in the market and are driving prices downward.

I'll stop there.

Ms. Helena Jaczek: Did Bell take advantage of our government's wage subsidy program? If it did, what type of subsidy did Bell receive?

Mr. Robert Malcolmson: Yes. We did take advantage of the wage subsidy program. We used it for its intended purpose, which was obviously to keep employees working and to avoid layoffs in the midst of the pandemic.

I am happy to elaborate on that further, but I'm getting a stop sign from the chair.

The Chair: Thank you very much.

• (1125)

[*Translation*]

Mr. Lemire, you have the floor for six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Madam Chair. I want to thank you and the clerk for your efforts. I wish you a happy new year.

This meeting is very important to me. I want to acknowledge the presence of the Bell representatives, including Mr. Malcolmson.

Thank you for being here, Mr. Malcolmson. Congratulations on the Bell Let's Talk initiative. This year in particular, the mental health issue is fundamental.

According to several service providers, for 30% of requests, Bell takes on average over two years to provide access to its infrastructure. Why do you take so long?

[*English*]

Mr. Robert Malcolmson: I don't know that I agree that it takes two years to get access to our infrastructure. I will say, particularly in the province of Quebec, of the requests for pole access we get, 70% come from Quebec.

Just to give you some context, last year we had requests for access to 100,000 poles in the province of Quebec. Many of those poles are owned or used jointly between Bell, Hydro-Québec and Telus. It's a difficult issue to confront to ensure you respect safety standards—because the poles carry electricity—and ensure that the integrity of the poles is maintained when people seek access. We have heard the complaints about pole access and we've proactively dealt with it.

If you permit me, I'll take you through it.

We established what came to be known as a coordination table with the Government of Quebec, Hydro-Québec, Bell and Telus. In response to the complaints about the speed of pole access, we implemented a number of changes. We permitted third parties to do what's called “make-ready” work on the poles.

[Translation]

Mr. Sébastien Lemire: How many users can access one pole?

[English]

Mr. Robert Malcolmson: It depends on the capacity of the pole. It's not one-size-fits-all. You have to fit in the equipment between the electrification of the pole and the—

[Translation]

Mr. Sébastien Lemire: How much do you charge for the pole rental and permit application?

[English]

Mr. Robert Malcolmson: The CRTC sets a tariffed rate for pole access.

My colleague, Jonathan, will correct me if I'm wrong, but I believe the current tariffed rate is in the range of \$12.48 for access to a pole.

Mr. Jonathan Daniels (Vice-President, Regulatory Law, BCE Inc.): That's for a full year, not a month.

[Translation]

Mr. Sébastien Lemire: Some service providers say that they pay \$20 per pole and \$1,000 per permit. At Hydro-Québec, the rate is about \$17 per pole and about \$140 per permit. Why is there a discrepancy between your poles and Hydro-Québec's poles? Could the figures be released to the public to help carry out projects?

Do you agree that it's difficult to assess the project parameters when fair and reasonable prices are hard to come by?

[English]

Mr. Robert Malcolmson: Certainly, the amounts that the telcos—that is, Bell and Telus—charge in Quebec are regulated and public. That's the \$12.48 rate that I quoted you. The rates that the hydro companies charge are different because they are provincially regulated. Traditionally, they've been a whole lot higher than the rates we've been able to charge. There is a discrepancy in rates in terms of whether you're connecting to a hydro-controlled pole or a telco-controlled pole.

[Translation]

Mr. Sébastien Lemire: Why do you charge for pole updates—we've seen this firsthand in Abitibi-Témiscamingue—when the service providers say that you fail to maintain the poles?

[English]

Mr. Robert Malcolmson: We do maintain them. Many of them are quite old and suffer the wear and tear that poles exposed to the elements traditionally suffer.

In terms of what we charge, again, the rate is regulated. It's not as simple as climbing a pole and attaching your equipment. When a pole is in poor condition or in a unique place or when there are unique demands placed on a pole, the person seeking access and the provider have to make sure that the pole can accommodate the demand and that they're not going to create safety issues or performance issues.

Of necessity, many poles have to be updated in order to accommodate the new capacity that's being attached to them. That's just a fact of life.

• (1130)

[Translation]

Mr. Sébastien Lemire: I want to take this opportunity to congratulate you on your initiative to increase access to poles in my area, Abitibi-Témiscamingue. Inadequate access to poles is one of the main reasons why our area is lagging far behind in terms of connectivity.

According to some service providers, the prices that you charge to your competitors for broadband are the result of questionable tactics. The prices are constantly changing, depending on the seller's wishes, and the parameters are never verifiable. In my constituency, one of the most common excuses for keeping prices high is that Télébec, one of your companies, must update equipment. However, your competitors say that you don't maintain your equipment.

What is a reasonable average price for broadband that Télébec charges to its providers? Is it true that this price is higher than the rate charged by Bell in other parts of Quebec?

The Chair: Sorry, but your time is up.

[English]

Mr. Malcolmson, do you have a quick response to that?

Mr. Robert Malcolmson: I think you're referring, perhaps, to Vidéotron's recent entry into the Abitibi-Témiscamingue area, where, rather than building networks, it's decided to seek access to our networks and resell our networks. Again, the costs of that access are regulated, pursuant to a CRTC tariff. It's not a question of increasing costs; it's a question of providing access to resale at regulated rates.

The Chair: Thank you very much.

Our next round of questions goes to MP Masse.

You have the floor for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

Thank you to our guests for being here.

Thanks, Bell, for your Let's Talk campaign.

Let's talk about a decision that Bell made in August 2019: the cancellation of 200,000 rural or remote connections.

Why did the company make that decision, Mr. Malcolmson?

Mr. Robert Malcolmson: It's quite simple, Mr. Masse. I referred to it in our opening remarks. There's a direct correlation between regulatory policy and our ability to invest. The decision that you just referred to—which we did make—was born out of a response to a CRTC decision to reduce the rates that we're able to charge third parties that seek to access our networks and resell those networks. The CRTC reduced those rates in the range of 82%. Quite frankly, those rates made the provision of service well below our costs.

Mr. Brian Masse: The reason to add those was because of Bell's taking advantage of significant public revenues to expand 800,000 just prior to that. Then you dumped the 200,000 from the actual connection. It seems like it was more of a public temper tantrum by Bell to punish consumers in rural areas like Manitoba, Ontario, Quebec and the Atlantic provinces that got particularly hit.

Do you not think that was a poor decision, given the fact that you're even here asking for more public money? You've also taken advantage of the wage subsidy program.

Mr. Robert Malcolmson: As I said, we built out without any public money at the beginning of the pandemic. Out of recognition of the need for connectivity, an additional 137,000 households—

Mr. Brian Masse: But your own documents show that you actually created 100,000 positions. Your own documents show that you actually took advantage of government revenue support systems then, and then added the 200,000 because you actually had public money and support. Then, when the CRTC issued that decision, your immediate response, within hours, was to cut 200,000—20%—in rural and remote communities. Then you come to the committee here asking for more government money and public money. You've also taken advantage of the wage subsidy program. Do you not think that was a knee-jerk reaction at the expense of Canadians?

Mr. Robert Malcolmson: I think we need government and regulatory policies, particularly now in the midst of a pandemic when a lot of Canadians need connectivity. We need policies to support private sector investment. When those policies are changed or don't materialize, there is simply no ability to continue investing.

We do the best with what we have. We invest private capital. We participate in subsidy programs. We're committed to extending service to Canadians. However, the regulatory climate has to be there to provide that foundational underpinning to investment.

• (1135)

Mr. Brian Masse: Would it be fair to say that Bell has taken advantage over the last 10 years of tens of millions of dollars of public revenue in one form or another with regard to expanding, or is it millions? What is the amount of public money and programs that Bell has taken advantage of?

Mr. Robert Malcolmson: I think it's unfair to say that Bell has “taken advantage of” public programs.

Mr. Brian Masse: Well, everyone takes advantage of it. I mean, it's a public-private partnership. Whether it's Rogers, Telus, Bell or any other thing, it's taking advantage of an opportunity.

My point here is that you're talking about a cut of a program from a CRTC decision, a regulatory body, that affected the lives of rural and remote Canadians. You're finally catching up on it, and then at the same time you're asking for more public resources and revenue and we have no guarantee that you won't have another public tantrum when it comes to the CRTC's decisions in the future.

What guarantees do we have that Bell will not do what it did back then? That actually delayed right now the connectivity of many Canadians. That's the reality. You took that decision right away, and you're making up for it now. What guarantee is there that we won't have a similar situation when the CRTC comes down with a decision and you cut back promised expansions?

Mr. Robert Malcolmson: When the CRTC comes out with a decision that you're referring to, we will do what we always do, which is to evaluate what it means for our business, what it means in terms of our ability to invest in areas that I think you would admit are difficult to reach, or they would already be served by private sector investment. We'll make a rational business decision based on what the rates are and what it does to our ability to invest.

As we've said repeatedly, we want to be network builders. That's the business we're in. We're not resellers. We don't seek access to networks and then play a game of rate arbitrage in terms of the cost of access versus retail pricing. We actually commit private capital, funded by our shareholders, and build networks. We want to do more of that.

Mr. Brian Masse: You also take advantage—which is fine, because taking advantage is a good thing—of public interest to actually fund these projects, but what you're telling me today, which is really disappointing, is that there's no remorse over cutting back the 200,000 homes that could have been serviced in the past that would have had an advantage to this day. You took advantage of the different programs, and you're still here telling us that if the CRTC or something else does something, Bell will just cut the public loose whenever they want just because it's in their bottom line interest at that moment, versus a real mature partnership with public money and funds to roll out broadband in our country.

The Chair: Mr. Masse, unfortunately that's all your time. You're even a little over.

That ends our first round of questions. We'll now go to the second round.

With that, I turn the mike over to MP Nater.

You have the floor for five minutes.

Mr. John Nater (Perth—Wellington, CPC): Wonderful. Thank you, Madam Chair; and thank you, Mr. Malcolmson and Mr. Daniels, for joining us this morning at our committee.

I guess I would just make the observation that according to your recent shareholder report, your profit was \$5.5 billion over the last two years, yet Ma Bell was still able to take advantage of the wage subsidy, so I do find that interesting.

You mentioned a fair bit about wireless home Internet. I think in many rural communities there's a feeling that Bell is the incumbent and that Bell has let go much of the infrastructure in favour of perhaps a push to wireless. I want to get your opinion on that and why, in so many rural communities, there isn't a push to put fibre in the ground where there might be a business case. I think of a lot of places in rural southern Ontario where smaller telecoms have invested in fibre, yet Bell, where it's the incumbent, has failed to do so.

Mr. Robert Malcolmson: I'll address your comment on the wage subsidy first, and then I'll answer your question about wireless home Internet.

In terms of the wage subsidy, yes, we did receive it, and we received it in large part because the businesses we own—and I'm thinking here of Bell Media, the largest media company in the country, and our retail footprint of retail stores—were some of the hardest hit by the pandemic. It was a choice between laying off thousands of employees in an era where advertising revenue disappeared and retail stores were shut down or keeping Canadians working, and we chose the latter. We think the program itself worked, and it served industry well in order to keep people working.

In terms of your wireless home Internet question, our preference when we build networks is always to build fibre where there's a business case to do so. In smaller rural areas, there are challenges with building fibre connectivity, so we've come up with an innovative product, which we call “wireless home Internet”. It reduces the cost of the build, reduces costs for consumers and extends the network footprint in an innovative and seamless fashion. As more spectrum becomes available, we'll be able to do even more of that for rural Canadians.

• (1140)

Mr. John Nater: I would note that some of the smaller telecoms are lapping Bell when it comes to investment in fibre in rural communities. I think it's just furthering that digital divide, where Bell is the incumbent and users are being forced to move to wireless Internet.

I want to briefly comment on the Internet service availability map that ISED has developed. Much of that is from the telecoms providing that information. How comfortable are you that that mapping is accurate from areas where Bell is the incumbent?

Mr. Robert Malcolmson: I'll ask my colleague, Jonathan, to answer that.

Mr. Jonathan Daniels: We do rely on that data to make all sorts of business decisions, both for what we apply for and what we see,

even when we're not applying for a broadband fund to look at what's available.

In terms of accuracy, I can't say that it's perfectly accurate—we've seen some examples—but generally we found it to be pretty reliable data. We're in the process right now of updating our portion of the data as we build our network out. We regularly send updates to ISED and the CRTC so they can have the latest information available.

Mr. John Nater: Through the Connect to Innovate program, I would note that Bell undertook zero projects in rural southern Ontario, but I just say that in passing. In Nova Scotia, for example, you received \$926 million, nearly a billion dollars, for 36 projects. I'd be curious if you could note how those 36 projects in Nova Scotia are going and when they will be completed.

Mr. Jonathan Daniels: I can't speak directly to the exact Connect to Innovate projects. What I can say is that we were on target and on time with all of our Connect to Innovate projects. Most of them have been completed.

You mentioned southern Ontario. That can only be a reference—just to be clear—to what we were successful in bidding for. I can assure you, we bid and lost in many of the other areas in the country. When you talk about, for example, Nova Scotia, we've been active in working with the provincial government in applying successfully for funding to build out fibre to the home there as well. We'll continue and we'll have many applications. In fact, for February 15, we are working on the UBF for a whole bunch of regions, including Ontario. We are applying to ICON this week for Ontario, and we also have applications in to the CRTC for Ontario.

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

We now move to MP Erskine-Smith.

You have the floor for five minutes.

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

Mr. Malcolmson, you've heard frustration from all parties now, I think, about B.C. accessing the wage subsidy. I have the information in front of me but I really must be reading it incorrectly. I just want to confirm.

B.C. received \$122.8 million in the federal wage subsidy. Is that right?

Mr. Robert Malcolmson: Yes, that's correct. If you look at the breakdown of where those funds went, \$71 million—give or take—went to Bell Media.

As I mentioned, Bell Media was one of the operations that was hardest hit by the pandemic. I'll give you an example. Advertising revenues—which Bell Media is dependent upon in that media business—plummeted by over 30% just in Q2, 2020.

Mr. Nathaniel Erskine-Smith: I have limited time but I do appreciate that and I took the point that jobs would have been lost but for the federal wage subsidy of almost \$123 million. This is where I'm a little confused. I'm reading a B.C. news release from Q3, 2020, saying B.C. has a strong financial position with \$5.2 billion in available liquidity at the end of Q3; 10% Internet revenue growth; 4% growth in year-to-date cash flows from operating activities; and a 13.7% higher free cash flow, which actually translates, from my reading of the news release, to a 5% increase in the Q4 dividend.

Instead of accessing that available liquidity, instead of perhaps not increasing that dividend, did you think it best to access public funds?

• (1145)

Mr. Robert Malcolmson: No, we participated in a government program that was very well designed and intended to keep Canadians working at a critical time. We participated in that program commensurate with the impact that the pandemic was having upon our workforce.

I have to say that when you quote our financial results—and I don't do math as quickly as you do—you do have to remember that to build Canada's networks, to invest in 5G, to have fibre rolled out to 5.6 million households and to target wireless home Internet to reach a million households, you need investment capital. The only way you get investment capital is from shareholders willing to invest their money with your company in order to fund your network expansion.

If we don't have investment capital and if we're not delivering shareholder returns, Canada will not have the level of investment required to build the networks that we need in order to—

Mr. Nathaniel Erskine-Smith: That's a long way of saying, though, that where main street businesses are getting crushed in a pandemic, you see increased dividends. You could have gone from \$5.2 billion in available cash flow down to \$5.05 billion in available cash flow, and you would have blinked. Whereas, we have main street businesses getting crushed, unable to access some of the necessary supports, and here you are increasing dividends.

I take it, though, you would not have reformed, so that a profitable company like yours, with \$5 billion in available cash, wouldn't continue to receive millions of dollars in taxpayer funds, but you like it just the way it is.

On a separate note, access to the Internet, both broadband and wireless, does BCE view access to the Internet as an essential service?

Mr. Robert Malcolmson: Yes, it is essential for Canadians, particularly at a time like this.

Mr. Nathaniel Erskine-Smith: When we look at the broadband space, resellers have existed in the market for quite some time. Do you oppose the reseller marketplace?

Mr. Robert Malcolmson: The reseller marketplace undermines investment. There's absolutely no debate about that. Their business model is based on accessing networks that someone else builds, in our case Bell, and using those networks to provide service to consumers. If you look at what we need, as I said in my opening remarks, we need ubiquitous connectivity quickly for all Canadians. The only way that's going to happen is through companies that are willing to invest.

Mr. Nathaniel Erskine-Smith: So—

Mr. Robert Malcolmson: Just let me finish. I'll give you a couple of stats. We as an industry—and I'm talking about facilities-based carriers—invested in the range of \$46 billion, while the reseller community invested \$150 million. Which one of—

Mr. Nathaniel Erskine-Smith: And yet, another part of the equation, Mr. Malcolmson, is price, accessibility, but also affordability, which is a key component of accessibility. Without the resellers, you would gouge Canadians even worse.

Mr. Robert Malcolmson: I'm not going to comment on that. I'm not sure it's a question.

Mr. Nathaniel Erskine-Smith: It's not a question; it's a fact. I appreciate your time.

The Chair: We now move to Mr. Lemire.

[*Translation*]

You have the floor for two and a half minutes.

Mr. Sébastien Lemire: Thank you, Madam Chair.

Mr. Malcolmson, Télébec and Cablevision have been wholly owned by Bell for 20 years, since 2001. This transaction was approved by the CRTC. The public notice states that the proposed transaction serves the public interest.

I'm still trying to figure out how this transaction has served the people in my area, where Internet service is ranked among the most expensive in the world and where people live in one of the least connected areas. These people don't have access to the prices listed in Bell advertisements. However, when they file a complaint with Cablevision, they receive a response in a letter with the Bell letterhead.

Could you provide the price chart for Bell companies?

[*English*]

Mr. Robert Malcolmson: I have to apologize, because I wasn't getting the translation. I believe you were asking, is Bell acquiring companies and achieving scale? How is that good for your area and good for Canada?

[*Translation*]

Mr. Sébastien Lemire: Madam Chair, I want to go back to my question.

• (1150)

The Chair: I stopped the clock. Can you repeat your question, please?

Mr. Sébastien Lemire: Thank you.

My question is the following. Could you provide the price chart for all Bell companies?

[English]

Mr. Robert Malcolmson: All the prices we charge for our various wireless, home Internet, television services, is that what you're asking?

[Translation]

Mr. Sébastien Lemire: Yes.

[English]

Mr. Robert Malcolmson: That would be a tall order. Those retail prices are all public, because retail customers are buying those services. I'm not quite sure how to answer your question.

[Translation]

Mr. Sébastien Lemire: Could you send me a letter stating the official prices charged by Cablevision, Télébec and Bell, and the reasons for the price variances, particularly in my area, Abitibi-Témiscamingue? What parameters make prices vary in my area, in Quebec and in other parts of Canada?

[English]

Mr. Robert Malcolmson: Price variance is a function of a competitive marketplace, and price variances are a function of the cost of providing service in the particular geography where you're serving customers. To the extent that you see price differences, it's a function of the cost of delivering the service. I'm happy to provide you with retail pricing of our services in the area you're speaking about.

[Translation]

Mr. Sébastien Lemire: Thank you. I look forward to receiving it.

Regarding the CRTC transaction, why is it beneficial for Bell to own companies such as Télébec and Cablevision? Does it serve the public interest? Even so, when we look at the changes in infrastructure and prices, we can see that we've been heavily penalized over the past 20 years.

[English]

Mr. Robert Malcolmson: I think there is an advantage to facilities-based providers like Bell that are willing to invest in network connectivity and build those networks in areas that are difficult to reach or present a challenging business case. There is an advantage to those communities in having a network-building company willing to invest.

I'm being told by the chair that I need to stop.

The Chair: With respect to Mr. Lemire's request for that documentation, if you could make sure that it gets sent to the clerk, he will make sure that it is circulated amongst the members in both official languages. Thank you.

Our next round of questions goes to MP Masse. You have the floor for two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

Mr. Malcolmson, how much money did Bell save on the 200,000 that were cut from the delivery or rollout of services? What was the financial loss for going ahead with that business decision?

You must have done a full market analysis to determine the liability upon Bell for providing that promised 200,000 rollout that was supposed to happen from your previous announcements.

Mr. Robert Malcolmson: As I said, when we're going to build to an area, we conduct a business-case analysis—

Mr. Brian Masse: How much was it going to cost Bell to roll out the 200,000 to rural and remote communities? There must have been a business case that told you that you had to cut that 200,000 from the CRTC decision. It was that significant.

Mr. Robert Malcolmson: Yes, as I said, the CRTC decision slashed the rates that we were able to charge third parties seeking access to—

Mr. Brian Masse: What was that going to cost you for those 200,000 homes?

Mr. Robert Malcolmson: I'm trying to answer your question in a fulsome way. The CRTC slashed those third party access rates by 82%. That made the business case to build in the areas where we decided not to continue building not viable. That's why we stopped it.

Mr. Brian Masse: By how much? What was the number for not viable?

You must have done a responsible business plan for this. You're telling me—for a company the size of Bell, with the resources you have—that the CRTC makes a decision that affects a planned rollout to 200,000 homes and you say it's not financially feasible for a company of your magnitude to continue that. There must be a number for why that was no longer applicable for the rollout.

Mr. Robert Malcolmson: If you were in business and you had to sell a product that cost you \$100 to make and you had to resell it for pennies on that dollar—

Mr. Brian Masse: Okay, so you don't want to share that. Either you don't want to share that, or you didn't do the model and it was a like a spoiled child or a knee-jerk reaction to something. You don't have the number to present for what you were going to save and now you're saying you're rolling out for these 200,000 people more as a favour...

What was the actual financial loss Bell would have taken on this? I think it's important.

• (1155)

Mr. Robert Malcolmson: What's important is to have a mature, non-emotional conversation about the high costs of delivering broadband connectivity to parts of our country—

Mr. Brian Masse: I'm sorry it's emotional for me, because we have Canadians who were denied service who need it right now for their families, for their education and for everything else. That's all delayed because of the decision that you took and the consequences of it.

Mr. Jonathan Daniels: If I could just jump in here, I would point out to the honourable member that in addition to the fact that there was a requirement to cut a cheque for over \$100 million—in our case, to resellers who weren't going to use that investment—that was straight out of investments we were going to make.

The other thing that you must keep in mind is that we've actually increased our rollout of wireless home Internet over this period of time while that decision is being reconsidered.

Mr. Brian Masse: As you access more public money.

The Chair: Thank you.

Unfortunately, we're over time on that. I want to remind folks that it's important to let people finish their questions for the sake of translation. The translators cannot hear when there are two people talking.

We'll now go to MP Cumming. You have the floor for five minutes.

Mr. James Cumming (Edmonton Centre, CPC): Thank you, Mr. Malcolmson, for being here and for being in the hot seat, as we would say.

If you feel some passion and emotion on this issue, it's because all the members on this committee feel very strongly about the lack of service in rural Canada. If you're getting a lot of emotion here, it's for good reason. We hear from our constituents and our constituents are very concerned about this.

I want to deal with a couple of your recommendations, specifically around the combination of funds. Has Bell received or made any kind of application as it relates to the Infrastructure Bank and its fund?

Mr. Robert Malcolmson: Yes, we've had extensive discussions with the Infrastructure Bank over the past couple of years, trying to come up with a financial model that would combine Infrastructure Bank funding with our private sector investments in an effort to roll out broadband to rural areas, and those discussions continue.

Mr. James Cumming: There is a variety of funds here, and I think I agree with you that accountability to one person or one agency can make some sense. We've heard other witnesses suggest that.

I'd be interested in your remarks related to this: Should the government—the Infrastructure Bank, given your access and your ability to access public markets and public funding—be in the banking business as it relates to infrastructure build-out?

I get your argument about those jurisdictions that are unprofitable, but I'm not sure that I get the argument of why it would be in the banking business.

Mr. Robert Malcolmson: I think if there's an opportunity for the bank to provide low-cost debt financing to someone who is willing to invest in network connectivity, that's another financing mechanism that doesn't necessarily have to involve public subsidy in order to build broadband.

I think it is an option that should be looked at and that could be viable for the bank to engage in.

Mr. James Cumming: I'm not sure that the public markets can get much lower in interest rates right now, so I'm not sure that that's a role for the government, but I'll take that at face value.

The other recommendation that you made was on spectrum funds' being redeployed into rural access or into programs. I'd like to ask you about the converse of that. What if the spectrum auction was more focused on outcomes that had higher utilization in rural sectors?

Rather than create a model where we're receiving the revenue we receive off spectrum and then the government deciding on how to redeploy it, why don't we hold companies that apply for spectrum accountable to deploy more of that spectrum into the rural sectors?

Mr. Robert Malcolmson: Today, as I think you can appreciate, the money from spectrum auctions goes into the consolidated revenue fund. Our point is simply that it doesn't seem to come back to an allocation for rural broadband, and maybe that is something worthwhile for the government to look at.

Your concept of obligating companies like ours that are willing to bid on spectrum and acquire spectrum to have access to spectrum dependent upon rural deployment obligations is also a viable idea. Despite what the honourable member Masse may think, that's an idea that certainly seems viable to us as a company that is ready, willing and able to invest in rural broadband, and we'd be happy to discuss it further.

• (1200)

Mr. James Cumming: For the funds that you currently receive capital from, how have you found the application process and the time from when you put an application in to the time to market?

We've heard from witness over witness that the rollout is way too slow in all these programs.

Mr. Robert Malcolmson: I think that goes to the frustration that your constituents convey to you and that then you convey to companies like ours. Certainly, everyone wants more broadband more quickly. I think the government recently announced something called a rapid response stream for some of the UBF money, which is designed to get connectivity money out the door faster. We're an active participant in that, and we are waiting to hear about the release of those funds.

Mr. James Cumming: With that, is there anything rapid about this rapid response if you're still waiting?

The Chair: Answer very quickly, please.

Mr. Robert Malcolmson: I think it's been a matter of a couple of months, and these are complex allocations. However, as I said, I think we would all like to see things happen faster.

The Chair: Thank you very much.

Our last round of questions for this panel will go to MP Lambropoulos.

You have the floor for five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Madam Chair.

In order to accommodate our witness, I will be asking my questions in English.

Mr. Malcolmson, I believe that competition is a good thing across all industries, especially when we're discussing an essential service. I think that Internet has become an essential service, especially during this pandemic and especially because people are working from home and a lot of classes are working from home at the moment. Students are relying on Internet connectivity in order to participate and to receive the education that they deserve.

However, many families can't afford it and it's still a big problem, especially since the economy isn't doing so well and many people have lost their jobs. Paying for Internet isn't always the first thing that families think about. What have you done at Bell to help families be able to afford Internet during this time?

Mr. Robert Malcolmson: We've been active participants since the federal government's connecting families program launched. That offers \$10 home Internet for qualifying low-income families. I think 82,000 low-income families have registered for the program and 52,000 of those have been served already. We provide service to just under half of those 52,000 families with that program.

That's the primary initiative we have participated in and will continue to participate in to address that gap you identified.

Ms. Emmanuella Lambropoulos: Thank you.

What are your thoughts on my previous comment about competition and how it would be great across all industries because it helps protect the consumer and gives them options when things don't go very well?

Mr. Robert Malcolmson: I think there is intense competition in both the wire line and wireless businesses across the country. You have to ask yourself what you want competition to accomplish. I think you want it to accomplish price competition, which there clearly is. You want to create a competitive marketplace among competitors that are willing to build networks, not resell networks. You want two things: competition among network builders and competitive pricing.

If you look at current market dynamics, both of those are being achieved.

Ms. Emmanuella Lambropoulos: Competition also provides companies the incentive to work harder to make sure that their customers are receiving the services they ask for or that they've signed up for. I recently did a little bit of research and saw that Bell was one of the companies that has received some of the biggest numbers of complaints from consumers. Most of these have to do with their bills, such as being billed unfairly or contracts not exactly being followed.

What do you have to say about this?

Mr. Robert Malcolmson: Perhaps you're referring to this CCTS entity that tracks complaints. The fact that we may have the largest number of complaints.... You probably shouldn't be surprised, in the sense that we have by far the largest number of customer connections—in the range of 22 million customer connections—across all of our lines of businesses.

Certainly we've made a concerted effort, and continue to make a concerted effort, to bring complaints down. I think in the last CCTS report, we saw that we were the leading company in terms of complaint reduction. It's something in the range of 35% year over year.

We hear you and competitive dynamics also ensure that all of the players in the telecom space are actively serving their consumers and they have choices when they are dissatisfied.

• (1205)

Ms. Emmanuella Lambropoulos: The report that I read said that your company disproportionately had a high number of customer complaints. It was in the thousands compared to Rogers, which only had 900, and other companies like Telus, which had 700.

I don't necessarily agree that it's necessarily because of the number of consumers, but we'll agree to disagree there.

I guess a lot of the complaints come from the fact that bills are extremely high and the services are not on par with what is expected. For those low-income families who are benefiting from the program at the government level, would you say that the Internet is sufficient for what they currently need to do, which is work and go to school from home?

Mr. Robert Malcolmson: I think more can always be done. When it comes to low-income families and affordability issues, that's where government should take a leadership position. We'd be happy to work with government on programs like that. We do now, and we'd be happy to participate in more of them.

That leadership has to come from government.

The Chair: That is the end of our first panel.

I'd like to thank you, Mr. Malcolmson and Mr. Daniels for being with us today. As you can tell, this is an issue that is top of mind for every Canadian. We appreciate your time today.

We will suspend for about two minutes just to switch out the panellists.

• (1205)

(Pause)

• (1210)

The Chair: We will recommence.

For our second panel for this study on accessibility and affordability, we will have the witnesses present for seven minutes each, followed by rounds of questions.

We will start with Mr. Noyes, from ACORN Canada.

Mr. Raymond Noyes (Member, ACORN Canada): Thank you for having us at this committee hearing.

My name is Ray Noyes and I live in Ottawa. I've been a member of ACORN Canada for the last nine years.

ACORN is a grassroots community organization that has been fighting on a range of issues that affect low- and moderate-income people. Ensuring that everyone has access to the Internet has been among our core campaigns.

We have 32,000 members in the Ottawa area, and more than 140,000 members across the country.

I must begin by saying that even to appear before this committee has been a challenge. The Ottawa ACORN staff has gone to heroic levels to get me connected today, and spent hours working on it and drove me here to the ACORN office, whereas an affluent person could just turn on their computer and get on in seconds. Therefore, I think this illustrates the point.

I've been invited to a number of Zoom meetings, but I cannot be seen or see anyone. I've also been interviewed multiple times where I've shared my personal experience and what it means to be without the Internet, particularly during the pandemic.

I'm a disabled person who lives on the Ontario disability support program, with an income of \$1,169, which is well below the poverty line. As you all know, the federal government, in instituting the CERB, considered \$2,000 as a living income, and the ODSP rate is far below that. I'll be turning 65 and will be off ODSP, which means I will see my income go up slightly, but it will still be below the poverty line.

ACORN did a study in 2019 and found out that many low-income Canadians found themselves in the difficult position of deciding whether to pay for home Internet or pay for basic necessities such as food, clothing or transit. A quarter of them told us they had sacrificed food in order to pay for Internet services, and almost one third have made multiple sacrifices.

I listen to CBC Radio and I have three to four TV channels through a digital antenna, but it's extremely frustrating to hear all the time on the radio and TV how important it is for anyone not to feel isolated, to have access to health information, information about the virus itself and mental health supports that are available, yet I am here with no Internet.

Until recently, we'd been asking the federal government to work with telecoms and provide \$10-a-month Internet to all low-income people and seniors on fixed incomes, but the government hasn't heard us. We know that it's possible. We won the connecting families program, which I notice has been mentioned, but that program needs to be expanded to cover all low-income people and the Internet speed needs to be enhanced to 50/10, something that the CRTC itself recommends.

Recently, the U.S. has set a precedent by providing \$50 a month off Internet bills to all low-income people during the pandemic. The aim of the U.S. benefit is to connect low-income households to broadband networks at affordable rates. Broadband providers will be reimbursed up to \$50 per month per low-income household, and at \$75 per month if the household is on tribal land. It's a time-limited fund that extends for six months after the COVID emergency ends. It's important to note that this is additional money on top of existing affordability and accessibility funds to help low-income people, called "lifeline".

We are demanding that the Canadian federal government immediately create a \$50-a-month Canadian broadband benefit, or CBB, during the remainder of the COVID-19 emergency. The CBB should be extended to all low-income Canadians, fixed-income seniors and those Canadians with job or income loss due to COVID-19. However, this must be done urgently, not in five or 10, or even two years. We need the Internet now.

We met with the then Minister of Innovation in 2017 and he announced on that day that the Internet was a right. It's past time to make this a reality.

The Canada broadband benefit must be instituted as soon as possible and backdated to January 1, 2021, and run to six months after the official declarations of pandemic emergency have been revoked, in part to make up for full ISP pricing for those months from July to December during the pandemic. A lot of existing relief and support programs could be leveraged to determine the eligibility of people.

● (1215)

I want to end by saying that if I had access to the Internet I would have been able to see my family during the pandemic. I would have been able to attend more ACORN meetings on video, which are important to me, access mental health support, get broad access to general health information and see my doctor's face.

Thank you once again for having us today.

The Chair: Thank you very much, Mr. Noyes, and thank you for your testimony.

I now turn to SSI Canada. You have the floor for seven minutes.

Mr. Jeff Philipp (Founder and Chief Executive Officer, SSI Canada): Thank you, Madam Chair and committee members.

My name is Jeff Philipp. I'm the co-founder and CEO of SSI Canada, and with me today is Dean Proctor, SSI's chief development officer. We thank you for the opportunity to contribute to the study on the affordability and accessibility of telecommunications in Canada.

SSI has been working on these challenges for the last three decades. We have achieved a lot and learned a lot, some of which I would like to share today. From our experience, even in the smallest and most remote communities in Canada, it's competition and the existence of competitors that will deliver the most lasting benefits of affordability and accessibility to Canadians.

This is not news. It's been part of Canada's telecommunications policy since 1993 and was reinforced by directions issued by the Parliament of Canada to the CRTC in 2006 and again in 2019. This committee itself recognized in 2018 the vital role of competitors to overcome the digital divide. In fact, you stated:

...incumbents tend to only invest in high density areas that are more economically profitable. However, small providers, non-profit providers or non-incumbent providers could deploy broadband Internet in rural and remote areas in an economically profitable manner should the Government of Canada adapt the regulatory framework to their means, especially with regards to spectrum and network management, along with funding allocation.

This is not theoretical. In fact, SSI's history and work with partners proves that competitors deliver benefits and that we're in this business for the long haul. If I can ask one thing of your committee, it's to continue to pressure government to support not just competition, but the competitors themselves.

By way of background, SSI is a northern company. Our headquarters are here in Yellowknife where I am today, and I heard comments of the weather—it's supposedly feeling like minus 41 this morning out there. Our team members are spread across two territories and six provinces, and we continue to grow.

We specialize in remote area connectivity and energy solutions, providing broadband and other services across Canada's north. We have also worked in Africa, Indonesia and the South Pacific, with the common thread being infrastructure and solutions to transform communities and improve socio-economic outcomes.

Some of our better-known projects include QINIQ, Nunavut's award-winning broadband network, which we built in 2005. Prior to QINIQ, even dial-up Internet did not exist in most communities in Nunavut. Sixteen years later, we are still the only provider offering an equal-level service to all 25 communities in Nunavut, no matter how small.

In 2016, we upgraded all of Nunavut to 4G LTE broadband service. I was happy to hear the previous speaker from B.C. note how innovative that was.

Two years later, we launched SSI Mobile, bringing cellular service to the vast majority of Nunavummiut for the first time ever, with packages that rival southern Canada. It's to be noted that this is delivered over satellite, which is a huge backbone cost compared to fibre.

Given the size of the territory, this achievement did not go unnoticed, and we were honoured with a national Startup Canada award that same year.

In 2019, we celebrated another first when we co-founded a new mobile telecommunications company with Eeyou Companeé, which is a Cree investment firm, and Eeyou Communications Network. Eeyou Mobility Inc. is currently building out an extensive cellular network in the Eeyou Istchee-James Bay region of northern Quebec.

We're not stopping there. We're developing partnerships with Inuit and other first nations to improve and extend telecommunications across Canada. In each case, we invest alongside our partners, leveraging existing systems and expertise. This model works to de-

liver early and successful service launches with engaged local partners, and our model in Nunavut is no exception.

Just last week, SSI was very pleased to announce a new partnership with SES Networks, the world's largest commercial satellite operator, to deliver badly needed net new satellite capacity into Canada's north. We have crews currently in Nunavut—right now in late January—turning on that net new capacity.

To be clear, with the right partnerships and a fair playing field, we do an excellent job of delivering innovative broadband and mobile services in even the smallest, most remote communities. These are places the monopoly phone companies prefer not to go unless threatened, and this has been on example in the north since we started.

● (1220)

All governments can make a huge contribution to bring vital information technology to underserved areas with their significant purchasing power. Simply end single-source supply situations in telecommunications now; there is no need to delay. Where there are alternatives, you should cap the share of any single supplier to a maximum of 50% of the government's business.

Working with multiple suppliers is a great way to benefit from better pricing, better service, customization and innovation. Just as consumers benefit when there's true competition, so does the public sector.

In the north, government is usually the biggest purchaser of telecoms. Competitors should be encouraged and sought after to supply government with these services, not single sourcing.

This is important. Government cannot just support the concept of competition. To receive the benefits, government has to support actual competitors. It makes no sense to rely on a single supplier to meet all these needs.

With that, let me turn it over to Dean Proctor to continue this presentation.

Thanks.

[Translation]

Mr. Dean Proctor (Chief Development Officer, SSI Canada):
Thank you, Mr. Philipp.

Madam Chair, I'll try to be brief because there isn't much time left.

We all know the positive impact of information technology. It's vital to all citizens, governments and businesses. This has become even more evident as we cope with the COVID-19 pandemic. So it's no surprise that we believe that broadband and mobile are must-have services everywhere.

[English]

They are essential services.

[Translation]

To meet and improve upon the universal service objective of 50 megabits per second, all competing service providers would need to contribute, not a single monopoly. This must be recognized and acted upon by regulatory agencies and governments at all levels.

We believe that the reason many Canadians, especially those in rural and remote parts of the country, still don't have access to affordable and high-quality telecommunications is that our regulatory system remains focused on the profitability of telephone companies—as you heard earlier—at the expense of competitors and, ultimately, consumers.

SSi is living proof that true, long-lasting and facilities-based competition is feasible in northern Canada. However, the CRTC and the Government of Canada mustn't work against competitors.

I'll stop here. I'd be pleased to answer your questions.

The Chair: Thank you.

[English]

Thank you very much.

We will start our first round of questions.

MP Dreeshen, you have the floor for six minutes.

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

To all our guests this morning, thank you for your contribution.

I know when we talk about low-income Canadians and the cost of their services, and then we compare the cost for satellite service, there seems to be quite a spread.

I have a couple of comments. I know when our committee went down to the U.S. a number of years ago there was a Senate hearing on rural and remote broadband. We had a chance to talk to SpaceX, and they were talking about the rollout they had planned. Of course, now we're starting to see that happen here in Canada.

I think it's rather interesting because the project they have in mind takes us to 51.5°, and, of course, there's only one provincial capital that is further north than 51.5°, but there are three capitals in the territories.

There seems to be a bit of a gap between the south end of my riding and the territories as far as coverage in satellite is concerned.

Could the folks from SSI, perhaps Mr. Philipp, talk about the satellite coverage you have, the costs and how the competitiveness works as far as what others in Canada are paying for wireless services?

• (1225)

[Translation]

Mr. Sébastien Lemire: Madam Chair, before the witness responds, I want to let you know that the French interpretation has stopped.

The Chair: Thank you, Mr. Lemire.

[English]

I will stop the clock for a moment and double-check.

Sébastien, is it working? Perfect. Thank you.

Please go ahead again, Mr. Dreeshen.

Mr. Earl Dreeshen: We know that Starlink has programs out there. They seem to be relatively expensive, and I was trying to link the costs associated with low-income Canadians and how things work out for them.

In the north and northern remote communities, SSI you have been there. You have done a lot of different things. Your broadband services are there.

I was wondering how we could get a discussion going about what is being done in the territories. What is that gap between the south end of my riding, which is 51.5°, and north of 60°?

Mr. Jeff Philipp: I'm happy to answer that great question. I can give you a fairly high-level summary. I will be careful. Dean may have to raise the red card if I start going outside the boundaries of an NDA, but let me try. I don't have the best filter, as you will find. I usually just tell you what I'm thinking.

For satellite-served markets, to your point, SpaceX is talking about.... Actually, they are from 47° and they may get up as high as 55° within the next six months. By this time next year, in fact, if they are fortunate with their space-based lasers, they may have the polar regions starting to deliver service.

SpaceX is the unicorn, I would say. It really solves a lot of the problems with broadband connectivity. We have worked in Africa, Indonesia, the South Pacific and every community in the Northwest Territories and Nunavut. I was born in one of those small indigenous communities of 800 people. That's where my family business started. That's where SSI started. The Snowshoe Inn is the family business.

SpaceX is going to solve a huge problem by bringing low-latency.... That is not to be lost; it's not to be missed. Latency is a huge aspect. When people talk about geostationary satellites, there is a big latency to get up and down. SpaceX solves that.

Telesat is also talking about a LEO platform, which would be out a few years later. SpaceX, by this time next year, would probably have terminals available. Telesat is talking about three years from now. SES, our newest partners as we just mentioned.... That's a huge deal. I don't think a lot of people recognize it.

I won't go quite as deep. You have current C-band capacity or geostationary capacity. Actually, let me start at fibre, which costs \$2 to \$10 per megabit per second, depending on where you live. Delivering a couple of megabits—and when we talk 50 down and 10 up, that's not the dedicated bandwidth; that's the burst. That's as far as your car could go. If you look at ISED's own over-subscription guideline, which is 25:1, that really means you divide that 50 down by 25, that's 2 megabits down, so about 0.4 megabits up—2.4 megabit. For fibre, it's \$2 to \$10 a megabit, so your input costs \$20 or \$25 to service that. That's dark fibre—not lit up, no electronics and no support.

For the cheapest satellite, you're getting into \$300 per megabit. You're going to go up from there to about \$1,000 a megabit. That's going to give you unlit—the equivalent of dark fibre on the ground. It's \$300 to \$1,000, compared to \$2 to \$10. Your input cost, if you have to deliver 2.4 megabits to somebody, and your cost is \$1,000 a megabit, it's \$2,400 a month for that service to deliver 50 down and 10 up with ISED's 25:1.

Bandwidth prices in satellite-served markets are extremely complicated. Is that going to change? With the new partnership with SES, we started working on that some time ago because there is not enough capacity in space. We've been saying this for five or six years. Over Canada, without significant investment by the federal government to buy capacity, that won't be there.

For the satellite-served market, there is not enough capacity in space and it takes a couple of years to ramp up that capacity. It's very difficult to get ahead of it. When COVID hits, you just have a shortfall.

What are we doing right now, in January? With no federal funding, we committed a significant amount of our investment money—and I say that because my wife is the CFO—into Nunavut to be able to bring net new capacity with SES. That new capacity is being rolled out now and by the end of this month, it will be in place to support Nunavummiut, but there is no funding at this point for that.

• (1230)

Mr. Earl Dreesen: I see that the red card is up. I appreciate that. Again, if at some time you can relate the actual cost per home in the north for what we're looking at here, I would appreciate that. I'll leave that for other rounds.

Mr. Jeff Philipp: Certainly.

The Chair: Thank you very much.

Our next round of questions goes to MP Ehsassi.

You have the floor for six minutes.

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

Thanks to our two witnesses for appearing before our committee. Thank you in particular to Mr. Noyes, who had to go to quite some trouble to connect with us today.

Mr. Noyes, I suspect you had a chance to listen to the counsel for Bell when we heard from them earlier this hour. Did you hear from that witness?

Mr. Raymond Noyes: We were having a few technical problems getting me set up, but I heard some of that.

Mr. Ehsassi, I believe that I was on a conference with other ACORN members and with you some months back. I remember you were very supportive of our ideas, but you were insistent that the CRTC had to recommend any of these things we were proposing.

Mr. Ali Ehsassi: Absolutely.

After having heard from Bell Media, I'm gobsmacked as to how they present the case.

What is your reaction to what Bell said earlier today?

Mr. Raymond Noyes: To be honest, I didn't follow enough to have a really strong reaction. I realize that Bell was defending itself, particularly from the charge that it had more complaints than any other telecommunications company. I believe Bell is arguing the case that there is enough competition and that it is competitive.

What we're talking about at ACORN is a whole different level. We're talking about people who definitely can't afford Bell's rates. I've often called Bell to see what the best rate I can get would be, and it's out of my reach. That's about all I can say about that. I wish I'd paid more attention to the Bell representative, but, as I said, I was having a little trouble getting set up.

Mr. Ali Ehsassi: Thank you for that, Mr. Noyes.

Mr. Philipp, did you have the opportunity to listen to the counsel for Bell, and what would your reaction have been? I'm remiss, in that I didn't get an opportunity to get in there, but I want to present you with the opportunity to set the record straight.

Mr. Jeff Philipp: Oh, we don't have enough time for that.

I will read what I wrote down at one point because I think, honestly, Mr. Malcolmson was on the hot seat; there's no question.

We've come up against Bell and Mr. Daniels. I do love him, and he's a warrior in his craft, but he's on the wrong side.

So, what did I write down? I do agree with some of what Mr. Malcolmson said about fund access and timing. I probably agree with the other side of the fence about spectrum and set-asides. I certainly disagree with the fact that there's no ability to have competition and that we need monopolies. I don't agree with that one little bit, as well as open gateways.

If you really want to see a website, check out Qimirluk. It's the Inuktitut word for "whalebone". It is spelled qimirluk.com. It stands for "come here, look," which is how I explained it to people in Ottawa from Yellowknife.

This has been 20 years. I started this company because of my dissatisfaction with Northwestel, which is a wholly-owned subsidiary of BCE.

What I wrote down was this: "Judge folks by their actions not by their words because, frankly, I've been through the modernization plan, I've been at the hearings in Yellowknife 15 years ago, I've been in Whitehorse 10 years, I've heard the partners who then come back later when they've been disenfranchised and set aside the indigenous partners that helped. I've been there while the CRTC ruled to sell them the cable company after they had DSL and because they promised to put cable in the other communities, including mine. After they got the cable company in Yellowknife, they shut down cable and all the other markets."

I've heard them threaten to shut down even the investment they got funded from the CRTC to build out the Northwest Territories. I've heard them threaten the GNWT that if the Government of the Northwest Territories supports our request for open access to their infrastructure, specifically TPIA, they may not be able to invest in the Northwest Territories. This is ludicrous.

Frankly, there is room for competition in every market. I grew up in a town of 800 people—95% indigenous—and we are still competing 20 years later. We're the incumbent. We built this long before they got here, and we don't get the subsidies that they get. We fight every four years to get the federal subsidy to bring to the people of Nunavut. I like to say to people that we're the cheapest delivery agent of the federal government's broadband dog food of any department or any organization. We do it cheaper. We co-invest: \$80 million by us and \$75 million by the federal government since 2004 in Nunavut alone.

● (1235)

Mr. Ali Ehsassi: Thank you for that.

You've obviously embarked on a very innovative approach.

Would you explain to us how many households you provide service to?

Mr. Jeff Philipp: There are approximately 10,000 households spread across 25 communities in Nunavut. I think that's 1.5 million or 1.6 million square kilometres. There are no roads—for any of those who don't know. It's very dark and cold at this time of year. There's no light. It's minus 30 to minus 40 degrees. We cover 100% of those homes where there's service. We have a local speaking agent in every community, a local Inuk in most communities.

It's worth noting that Bell or Northwestel don't operate in every community. They operate only in the ones where they find it viable.

Outside of Iqaluit, the capital, we currently have over 80% penetration of homes outside of the largest community. Some communities have 120% penetration. Grise Fiord has a very high penetration, and very high are low-income families. To Mr. Noyes' point, it is not affordable, even on our network.

Mr. Ali Ehsassi: Thank you.

The Chair: Thank you very much.

[Translation]

We'll move on to the next round.

Mr. Lemire, you have the floor for six minutes.

Mr. Sébastien Lemire: Thank you, Madam Chair.

My question is for Mr. Noyes from ACORN.

Mr. Noyes, thank you for being here today. I'd like to hear your views on a situation. In my area, in Abitibi-Témiscamingue, Bell owns Télébec and Cablevision, two telecommunications service providers that have always held a virtual monopoly and that charge some of the highest prices in the world. These two companies have never participated in the connecting families program to help lower-income families purchase affordable packages.

What are your thoughts on this situation?

[English]

Mr. Raymond Noyes: I have to admit that my French is a bit rusty. I used to work in French, but that was some time ago. I couldn't seem to get the interpretation going, but from what I understood of your question, I will say that the connecting families program is only for families with children, and it's fairly limited. We're asking for that to be extended after the pandemic to all low-income Canadians.

[Translation]

Mr. Sébastien Lemire: So it's a bit absurd that companies owned by Bell but not named Bell don't provide access to this service to lower-income people.

[English]

Mr. Raymond Noyes: I'm sorry. I didn't quite understand. Could you please repeat that?

The Chair: Mr. Noyes, on the bottom of your screen, do you see the little globe that says "Interpretation"?

[Translation]

One moment, Mr. Lemire.

[English]

Mr. Raymond Noyes: Okay. My colleague just helped me out with that. Thank you.

The Chair: Thank you.

[Translation]

Mr. Lemire, I had stopped the clock. Please continue.

Mr. Sébastien Lemire: I'll repeat my question.

Mr. Noyes, I'd like to hear your views on the fact that one company, Bell, owns two companies, Télébec and Cablevision, which hold a virtual three-headed monopoly and which charge some of the highest prices in the world. These two companies have never participated in the connecting families program to help lower-income families purchase affordable packages.

What are your thoughts on this situation?

[English]

Mr. Raymond Noyes: I guess the immediate thought that comes to mind, without filtering myself, is that it's reprehensible. I know that the connecting families program was voluntary and that different telecoms across the country could choose whether or not to participate. If Bell is hiding behind subsidiaries so that people don't generally know that they're not including themselves in this program, that's not very [Technical difficulty—Editor], but of course, once again, just for a moment I'll say that I had trouble with the interpretation. I don't generally get online on a video conference, and I apologize for that.

We're talking about a level of service provision that would extend the connecting families program to all low-income people, and as for whether it's voluntary, that would be later, after the pandemic. For the short term, we're asking the government to provide a benefit of \$50 a month to reduce Internet charges. If the \$10-a-month Internet for the connecting families program were to be voluntary on behalf of telecoms, I'm not sure, but I think maybe the CRTC could rule that they must participate in such a thing, or possibly the government could provide subsidies for that.

• (1240)

[Translation]

Mr. Sébastien Lemire: Mr. Noyes, I'll provide another example of Bell's behaviour in Abitibi-Témiscamingue.

To have an advantage over its competitors, Bell maintains that Télébec, Cablevision and Bell are the same company. Sometimes, as well, Bell states otherwise. The goal always seems to be to provide the lowest possible quality service to clients or to inflate prices. Meanwhile, the area isn't being connected to the Internet.

What are your thoughts on this situation? Is it common? Do you see it in other areas?

[English]

Mr. Raymond Noyes: I have to admit that when I've been interviewed on this subject, it's mostly been from the point of view of an individual disabled person who doesn't have the Internet during this pandemic. I'm not aware of the different struggles between the different companies, or what Bell is or isn't doing in different parts of the country, but my general impression from talking to other people is that Bell is possibly the worst offender when it comes to providing the worst service at the highest possible cost. As I said earlier, when I've called to see if I could possibly reach their level of cost for Internet per month, it has been well beyond my reach.

[Translation]

Mr. Sébastien Lemire: Thank you.

I have one last question for you. Don't you think that the technological advancement of 5G, which requires companies and the government to invest billions of dollars, is only widening the gap between urban and rural areas in terms of affordable Internet access?

What do you recommend to reduce this gap?

[English]

Mr. Raymond Noyes: I'm sorry. I didn't hear the interpretation for the last part of that question. From what I did gather—

[Translation]

Mr. Sébastien Lemire: What do you recommend to bridge the gap between the rates and the 5G technology available in urban areas and the lack of Internet connectivity in rural areas?

[English]

Mr. Raymond Noyes: It's interesting that you should say that because it gives me a chance to bring up something that I had in mind. In recent months, we've heard Mr. Trudeau talk about how the Internet is a necessity, not a luxury, and that it's important that all Canadians have access to the Internet. I notice that when he talks about that, he mainly seems to be talking in terms of access to broadband for remote communities. I think Mr. Philipp just talked a fair bit about that.

We at ACORN are concerned with lack of access due to affordability. I would say that when I see ads on my digital TV for 5G, I always think to myself that we're getting ahead of ourselves as a society to provide the best service possible for those who have money. If as a society we believe that everyone ought to be connected and ought to benefit from what the Internet has to offer, I think that should be the priority.

[Translation]

The Chair: Thank you.

I gave you a bit more time, Mr. Lemire, as a result of the interpretation issues.

Mr. Sébastien Lemire: Thank you.

The Chair: You're welcome.

[English]

Our next round of questions goes to MP Masse.

You have the floor for six minutes.

Mr. Brian Masse: Thank you, Madam Chair.

Thank you to our witnesses for being here.

I have no apology to make to Bell with regard to any emotion. I remember one of my first committee days here when the Bell CEO—Michael Sabia at that time—was an obstacle for pay equity for women in the union fighting to get the remuneration that was awarded to them, with its taking many, many years longer than it should have. It was very disappointing. There also were the deferral accounts, where Bell overcharged by far more any other provider, with almost up to \$1 billion that had to be remitted to Canadians, including persons with disabilities. It fought by itself; as the rest of industry fell in line to rebate Canadians, Bell continued that type of behaviour for a long period of time.

I really am not surprised by what we heard here with regard to its culture of employment and how it wants to continue to receive a lot of different government programs and services—which is fine; they're there for anybody out there. However, at the same time, the mere threat of the CRTC to them would actually disable their commitment to Canadians for rural and remote in the future, and that is something that's alarming and needs to be taken into context.

Mr. Noyes, you bring up a really good point in being here. It's people in rural and remote areas that haven't even connected quite a bit, but it's even people who are getting disconnected in the cities because of the affordability issue. One thing that we, as New Democrats, proposed is to use the spectrum auction to guarantee low-cost services from those who bid at the spectrum auction. The spectrum auction has netted Canada's coffers around \$22 billion in the last 20 years. That money has not been all sent back into service provision.

Is that something that you think ACORN would support: having the next spectrum auction with the inclusion, similar to a request for proposals, that we actually make sure there are going to be some low-cost provisions from those that are going to use the public airwaves? That is the spectrum auction. Again, that is a public asset. I'm wondering whether ACORN has a position on that.

• (1245)

Mr. Raymond Noyes: I'm not speaking officially as an officer of ACORN. I'm speaking just as a member. Still, what you have just said strikes me as a very sensible way to proceed. Anything that might provide some financial resources for the government to put into low-cost Internet for low-income Canadians would be a good thing.

I've been told that the government can't do much about what we're asking for because it's up to the CRTC to authorize these things. Our answer to that is the connecting families program, which does exist but, unfortunately, is voluntary. Not all the telecommunications companies are participating.

As far as your question goes, Mr. Masse, I think ACORN would be very supportive of what you're suggesting.

Mr. Brian Masse: I have your position on my screen here, from ACORN, and I do not believe there is nothing we can do. We do not have to leave that to the CRTC, and, in fact, the CRTC could also be directed, which it has been in the past, to examine certain things. I think ACORN's request is actually very reasonable. I think, again, with the spectrum auction coming up, we will have a chance to define the terms used in provisions of the spectrum auc-

tion, including qualifiers for its use, so I think that will provide an opportunity.

Now, I want to ask questions to you, Mr. Noyes, if I have time. In your experience with lack of availability, have you found that it's more seniors, perhaps, or is it other people or demographics, such as persons with disabilities, who are experiencing greater access problems? We know that where I come from, new Canadians right now are faced with a barrier and a digital divide and don't have the devices for school right now. So, they've been provided some of those things. Is there a particular target population that you're more worried about or a special red flag?

Mr. Raymond Noyes: I personally know a few seniors who aren't connected, partly because they're not tech savvy but also because of the cost. I know one particular senior who managed to come up with enough money for a Bell package, which made him take a TV service and phone service along with the Internet, and as far as I know, he still hasn't figured out how to use the Internet. That's a whole other issue.

I would say it's both seniors and disabled people. I might have run over it too quickly, but many disabled people in Ontario are on the Ontario disability support program, ODSP. That currently is \$1,169 a month. As I said about myself in particular, I'm dreaming that maybe the slight increase I'll get to my income when I switch to over-65 type of benefits—which would be CPP, OAS and GIS—might make it possible for me to afford something like National Capital FreeNet, but I—

• (1250)

The Chair: Wait one moment, Mr. Noyes.

[*Translation*]

Mr. Lemire, is there an interpretation issue?

Mr. Sébastien Lemire: Unfortunately, we can no longer hear the interpretation. Mr. Noyes is a particularly compelling witness, so it's a shame that we can't hear his remarks in French.

[*English*]

The Chair: Okay. I've paused the clock, and I'm just going to double-check whether the translation is now working.

Mr. Raymond Noyes: I apologize for my French being too rusty to reply in French. Sorry.

The Chair: No problem. I just wanted to double-check that the translation is working. I'm getting the signal from my colleague that it is. Could you please continue? Thank you.

Mr. Raymond Noyes: Yes. I forget where I was, to be honest.

I was being asked about particular population groups that might be very much in need. I was talking about my personal situation, in which a slight increase in my income might make it possible for me to hook up with something called National Capital FreeNet, which is available only in this area. I understand it runs about \$45 or \$50 a month, and of course, if I got that service and if our proposal for a \$50 Canadian broadband benefit was taken up, I would get \$50 back on whatever the cost is.

Mr. Brian Masse: And that would also be if ODSP wasn't clawed back by the government either.

I know we're out of time here, Madam Chair, but I want to make the point that sometimes federal programs are clawed back by the Province of Ontario.

Thank you, Mr. Noyes.

Mr. Raymond Noyes: You're quite welcome.

The Chair: Thank you very much. That ends our first round.

We will start the second round. We are short on time, so I'm going to ask folks to please be mindful of the cards. I'd like to get at least one round in for each of the parties so that everyone has a chance to speak.

With that, I will start with MP Nater.

You have the floor for five minutes.

Mr. John Nater: Thank you, Madam Chair. I will just say at the outset that my Internet is causing me problems right now—that's a bit of irony—so if I disappear, perhaps one of my colleagues will use the remainder of my time.

I'll start with Mr. Philipp. Thank you for the presentation and for your testimony. It's been very interesting. I want to start with something you mentioned about capacity in space and the need for the government to invest in that and increase capacity in there. What is needed from the government, in terms of increasing that capacity in space to provide Internet by satellite?

Mr. Jeff Philipp: That's a good question. The backbone problem is going to eventually resolve itself. Whether it be SpaceX in a year, Telesat in two or three, or medium-earth orbit platforms from our partners at SES, the backbone capacity problem will never be resolved. We're going to continue to drive capacity through the roof. It will get easier and cheaper in the north. What we need now in rural Canada is to solve the training, the human resources, the job creation and the open gateway infrastructure, right?

If we build open gateways, meaning full location facilities and towers, and we put in fibre to the homes in those markets that make sense, put in the antennas we need for the last mile distribution and allow all competitors into that gateway, we could even structurally separate them like we do with an airport in a community. Rural Canada does not need a separate airport for every carrier. We need one airport for the community that all carriers share. It's the most effective way to do it.

Also, in space, we need a longer-term commitment to purchase capacity, because what happens is that we go through four-year beauty cycles, beauty contests, right? Every four years, when there's a change in government, there's a new funding program and

a new strategy for broadband, which means that competitors like us, Northwestel and Bell are competing on a four-year program. Investing in the long term is difficult with a four-year program, and for satellite service providers, investing in capacity is very difficult. They're investing \$100 million to \$200 million in a platform with a 15-year life and with no financial commitment.

The challenge is to look at this holistically. The backbone solutions are coming and are getting cheaper. Competition on the backbone, whether it be fibre, SpaceX, Telesat or MEO from SES, is going to drive that price down.

What we need in rural Canada today is different from urban centres. In urban centres, yes, everybody can afford to build their own last mile and their own open gateways, their own gateways and their own towers, and they protect them fiercely. They don't want to share them. In rural Canada, you can't have that. You can't have five towers popping up in a community of 600 people. It's going to look goofy. It's not going to make sense.

We have this in Nunavut now. When we put in our building and Northwestel is across town, how do we pair with them? How do we share data with them? Well, somebody has to run fibre to the other guy. We want to, and they don't want any part of that, because they'd rather have our customers have to go all the way south by satellite and all the way back. This is not something I'm making up. This is something that is historically proven with fact and with programs.

We need open gateways in rural Canada. Competition will come, whether it be on the backbone or on the last mile. That open gateway is the barrier, the moat, to little companies like ours, and we're not so little anymore. We're 100 people spread across the country, but we started as one person in a little town. Luckily, we had the funding to build the infrastructure that we're building, but we firmly believe in open gateways and competition in the marketplace—any marketplace.

• (1255)

Mr. John Nater: Thank you for that. That was very interesting. If you're okay with it, I may follow up with you offline with a couple of questions stemming from your testimony that I don't think we'll have time to go into at this point.

I want to touch a bit on the Connect to Innovate, CTI, program. It's a program that, as I understand from your testimony, you were optimistic about in February 2018. I'm curious to know if you were successful with the Connect to Innovate program and to hear any thoughts you have on that program.

Mr. Jeff Philipp: This is where my better sense tells me that I should pass this one over to Dean, because my filter might have me say things that I don't want to.

Dean, on Connect to Innovate in 2018, what do you think? Yellow card....

Mr. Dean Proctor: Connect to Innovate as a program was very well designed. In terms of implementation, it has been not so effective. In the case of Nunavut, where we were very excited—as Jeff was just talking about—open gateways, open backbones, that was where the funding was supposed to go. There's no retail price regulation under the Connect to Innovate program. All the regulations are supposed to go on an open backbone.

We have been unable to get access to Northwestel, which won the money for the open gateways, the open backbone, in any effective manner. Thank God we have SES as a new partner to bring in net new capacity, which is desperately needed, well beyond what Northwestel is offering—or not offering—in accordance with the program requirements. There's a lot to build from CTI.

I apologize, Madam Chair. We'd love to speak much more about that.

The Chair: Thank you.

What I could suggest is that if you have additional information you'd like to share with the committee, you're more than welcome to submit a brief to the clerk, and that can be circulated. If you feel that you didn't have enough time to answer some questions, feel free to do so.

Mr. Dean Proctor: We'll happily do that. Is there a time frame for it?

The Chair: If you could get it to the clerk as soon as possible, it could be considered.

Mr. Dean Proctor: Thank you.

The Chair: With that, I will turn to MP Jowhari.

You have the floor for five minutes.

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

I'd like to thank the witnesses for their testimony.

Mr. Noyes, in a brief to the committee, ACORN Canada explained that the Government of Canada connecting families program will improve the affordability of telecommunication services for low-income families. They also said that it's far too limited in reach, citing the fact that only 5% of eligible families were participating in the program. In your previous response, you touched on a couple of the reasons. Can you give your point of view and explain why you believe there is such a low uptake?

Mr. Raymond Noyes: I believe I was told, in discussions we've had about this, that something like 22,000 families were offered this service and only about 5% of them took it up. One major concern that I heard was that the speed was much too slow. Since this was specifically for connecting families, the difficulty was that the family with more than one person online at the same time had problems.

To be honest, although I'm not necessarily an expert in the different programs, I do believe it might not have been publicized well. I think to myself that just maybe they were publicizing it online to people who aren't online.

• (1300)

Mr. Majid Jowhari: So speed was one. The communication or advertising or publicizing of it was another one. You also talked about the voluntary nature of the program. Can you expand on that one?

Mr. Raymond Noyes: All I can say is that I believe I was told that Eastlink in the Maritimes did not participate. I'm not sure which other telecoms have participated.

I think we're talking about a different kind of program during the pandemic. We're hoping to move toward the connecting families type of program for all low-income people after the pandemic. I would hope that when the time comes, all telecoms, as a gesture of goodwill, would be involved with this. If necessary, maybe there could be government subsidy. We all know that government has been helping—leaving nobody behind, as they like to say—and money for these things is probably available if it's considered to be a necessity. We at ACORN have come to believe, along with the Prime Minister, that the Internet is a necessity.

Mr. Majid Jowhari: Thank you.

In one of your responses, you mentioned that one of the reasons for low uptake could be that this program is for families, and low-income individuals may not qualify for that. Can you expand on that one? Is my understanding correct?

Mr. Raymond Noyes: Oh, yes, that much I do know about the Connecting Families program. It was limited to families with children and not available to single individuals. If I recall correctly, I think it was mainly limited to community housing, public housing. There were various limitations on it. The main thing was that single individuals like me would not be qualifying for that program.

Mr. Majid Jowhari: Thank you.

If I may, I'd like to go to your recommendation around the CBB and the \$50. You talked about how, if a program such as CBB were rolled out, there would be higher uptake, there would be more accessibility, and the issue of affordability would be resolved. My colleague MP Masse brought up one of the challenges with it. How can we ensure that the benefit that's being passed on to the low-income family translates into an actual connection? If some of the low-income families are compromising between food and the Internet, how can we make sure that it translates into an actual connection?

Mr. Raymond Noyes: First of all, I want to clarify that the CBB that we're proposing is partly inspired by a program in the U.S. that is already happening. We see it as a step along the way. It would actually be less supportive of low-income people than the \$10-a-month plan, if we could extend that.

In terms of making sure that those users who get that benefit are using it for Internet, I think it would be pretty simple to require that the individual provide proof that they're on an Internet service. It might be a chicken-and-egg problem where the person might not be able to afford to get hooked up and then have an Internet bill to show the government. I'm not quite sure how that could be addressed, but I'm sure there must be a way to establish that people getting that benefit are applying it to their Internet bill.

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

[*Translation*]

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

Mr. Sébastien Lemire: Thank you, Madam Chair.

Mr. Philipp, do you think that the Government of Canada's current plan is to rely solely on low-level satellite technology to connect rural and remote areas to the Internet?

[*English*]

Mr. Jeff Philipp: No, I don't think there is one strategy that I've seen. I think that every time somebody proposes some new backbone option it seems to distract us in our quest to connect rural Canada. I don't think there is any move by the federal government towards one backbone satellite or fibre. I see lots of proposals to fund fibre. I have seen some discussion about funding going to Telesat to prepay some capacity on their LEO to make it more affordable in rural Canada.

I won't take us too far off the path, but there are some fundamental and very simple questions that we need to ask. I think Mr. Noyes touched on them. How do you subsidize low-income families, first of all, without requiring rafts of proof and more bureaucracy to make the program work? That will just take away from the funding. That's point one. Then, how do you encourage that competition to come? Those are two actually very simple questions with very simple answers. We've proposed this in the past, actually. It's by way of a reverse auction.

You go in and you say, "Who will build in these markets?" There's public competition for the funding. There has to be an open gateway to allow any competitor to come in. To the winner of this final round, the one that is the cheapest, you say, "You have to operate for this many years." You know what? You have to operate that open backbone for all competitors. Now you are required to deliver service in that market at this level of service to the end-user, but anybody else can come in.

If Mr. Noyes signs up with the competitor running the backbone, the competitor should get the subsidy. Subsidies should go to the service provider that wins the business of the residential customer only if a subsidy is required. That means that if the backbone is operated cheaply enough in a fibre world, then you won't need that consumer subsidy.

In cases where you have families, it would be different in every market. In Nunavut you have five people per home. They need more than \$50 because they're satellite-served. I think it's not a matter of saying that \$50 should be the number. It should be dependent on the market and what it requires. The proof is simply that you are buying Internet and the service provider is selling it to you.

You qualify, and the service provider gets a subsidy from the federal government: reverse auction.

• (1305)

[*Translation*]

Mr. Sébastien Lemire: Thank you.

[*English*]

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

We now go to MP Masse.

You have the floor for two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

I know we're pressed for time, so I have just a quick question on this, Mr. Philipp. It really is just to finish your thoughts here.

Is it fair to say that in your view, the spectrum auction currently does not offer the greatest advantages in terms of being affordable and accessible, and it needs to be modernized or changed? Our spectrum auction process in Canada is different from that in other countries. I think it all starts there, to be quite frank. People forget that it's a public asset. We own it. Could you complete your comments for the committee here?

Mr. Jeff Philipp: It's a very important question. We have participated in every public auction in the last 15 years. We have not been successful in one. Even with set-asides, we haven't been successful. There are some real challenges with how spectrum is being doled out. Once you hold that spectrum—and somebody asked earlier what good it was to Canadians if it wasn't being deployed. Another point is that anybody who does the math can see that you can't deliver 50 down and 10 up at a 25:1 oversubscription unless you have a very large amount of spectrum. You just can't deliver that much bandwidth because they're mobile subscribers. You can't. It's not like fibre to the home.

The spectrum auctions are critical. We've written lots on how they're done, and I'm sure Dean would love to share some of that. We have a completely different view. We are a very small operator. We're a facilities-based competitor that is open. We've built our own facilities. We own them, but even in our service agreement, we do not restrict our customers from reselling commercial air service, not even our retail customers, let alone a wholesale customer.

It's a loaded question. Yes, it is very critical as an asset for Canadians and as a revenue stream to ensure broadband in rural Canada. Yes, there are better ways to do it, but giving the money to a monopoly telco and hoping they will do differently from what they have done in the last 20 years is not one of them. It's not going to happen.

Mr. Brian Masse: Thank you, Madam Chair.

Thank you to our witnesses.

The Chair: Thank you very much, and with that, because we are over time, I have permission from the last two MPs for us to stop there.

I would like to thank our witnesses for being here today. As you can tell, I think we are all united in terms of the importance of not only accessibility but affordability. When it is not affordable, it is not accessible for many Canadians, and it's something that we are working as a collective to address. Thank you so much for your assistance.

I'd like to now provide an update to the members of INDU in terms of our schedule, as we have multiple subjects still going. For this week, on Thursday at our next meeting we will be considering the draft of the ICA report, further to our December 10 meeting. We will finalize that, hopefully. Next week, we have on Tuesday the president of PHAC and the Minister of Health presenting with respect to vaccine manufacturing. Next Thursday, we have Minister Champagne and Minister Anand, again with respect to the study for vaccine manufacturing in Canada.

I understand from the clerk that we are still waiting to hear back from the vaccine task force representatives for the following week.

Of course, given the next study that we are commencing on vaccine manufacturing in Canada, if parties can make sure to submit to the clerk names of any additional witnesses that they would like to see, we will make sure they get invited to a subsequent meeting. I'm just going to turn to the clerk and see what would be the best in terms of timing: sooner, I guess, rather than later, so that we can start reaching out to folks to line those up.

Again, to our witnesses who are here today, if there are any additional briefs that you would like to submit to the committee with respect to this study on affordability and accessibility, please get them to the clerk immediately so they can be considered for the report we will be working on.

With that, are there any other questions from members? If there's a change to the schedule, I'll make sure the clerk sends that out to you.

With that, I'd like to thank all of you again.

● (1310)

[*Translation*]

I want to thank the interpretation and IT services for their hard work, as usual.

I also want to thank the clerk and the analysts for their assistance.

[*English*]

We are looking forward to eventually being all together in a physical room. For those who will be participating in person on the Hill, I ask that you please notify the clerk in advance so we can make sure that any lunch that needs to be ordered is ordered, and that we're not ordering too many by anticipating six MPs in a room when there are none.

With that, we will adjourn. Thank you so much.

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