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● (1105)

[English]

The Vice-Chair (Ms. Jean Yip (Scarborough—Agincourt, Lib.)): I call this meeting to order.

Welcome to meeting number 75 of the Standing Committee on Public Accounts.

Pursuant to Standing Order 108(3)(g), the committee is meeting today to study "Report 2: Connectivity in Rural and Remote Areas", of the 2023 reports of the Auditor General of Canada.

I would now like to welcome our witnesses. From the Office of the Auditor General, we have Karen Hogan, Auditor General, and Sami Hannoush, principal. From Canadian Radio-television and Telecommunications Commission, we have Vicky Eatrides, chairperson and chief executive officer, and Scott Hutton, chief of consumer, research and communications. From the Department of Industry, we have Simon Kennedy, deputy minister, and Éric Dagenais, senior assistant deputy minister.

Ms. Hogan, you have the floor for five minutes.

Ms. Karen Hogan (Auditor General, Office of the Auditor General): Thank you, Madam Chair.

Thank you for this opportunity to discuss our report on connectivity in rural and remote areas, which was tabled in the House of Commons on March 27, 2023.

I would like to acknowledge that this hearing is taking place on the unceded territory of the Algonquin Anishinabe people.

Joining me today is Sami Hannoush, the principal who was responsible for the audit.

In this audit, we looked at whether Innovation, Science and Economic Development Canada and the Canadian Radio-television and Telecommunications Commission had improved the accessibility, affordability and quality of high-speed Internet and mobile cellular connectivity for Canadians in rural and remote areas.

At a time when so much takes place online, it is critical for all Canadians to have access to reliable and affordable high-speed Internet and mobile cellular services. This is a matter of inclusion. When services are of poor quality or are unaffordable or unavailable, people are effectively excluded from participating fully and equally in many aspects of life today. This includes participating in the digital economy; accessing online education, banking, medical care and government services; and working remotely.

We found that overall access to Internet and mobile cellular services had improved across the country since our last audit in 2018; however, the federal government's strategy has yet to deliver results for many rural and remote communities and first nation reserves. Internet connectivity coverage in rural and remote areas is approximately 60% and just 43% on first nation reserves.

[Translation]

We also found delays in approving projects that were meant to bring services to rural and remote areas. For example, final approvals under CRTC's Broadband Fund took an average of almost 2 years. Delays mean that 1.4 million households who are already underserved or not served at all are still waiting to be connected.

Access to services is not just about having the infrastructure in place to connect households, businesses, and institutions—it's also about the affordability and reliability of these services. We found, however, that the 2 organizations tracked only some dimensions of the affordability and quality of services. For example, they considered pricing as part of affordability, but did not consider household income. If the price of a service is beyond a household's means, then connectivity will not improve, and some people will remain excluded.

These findings emphasize the persistent digital divide between people living in urban areas and people living on First Nations reserves and in rural and remote communities. Being connected is no longer a luxury but a basic essential service. The government needs to take action so that there is affordable, reliable, high-speed connectivity coverage for Canadians in all areas of the country.

This concludes my opening remarks. We would be pleased to answer any questions the Committee may have.

Thank you.

[English]

The Vice-Chair (Ms. Jean Yip): Thank you.

We will suspend for one second so the actual chair can come in.

The Chair (Mr. John Williamson (New Brunswick Southwest, CPC)): Mr. Kennedy, from Industry Canada, you have the floor, please. Thank you.

Mr. Simon Kennedy (Deputy Minister, Department of Industry): Thank you, Mr. Chair.

Before I begin my remarks, I would also like to acknowledge that we are gathered on the traditional unceded territory of the Algonquin Anishinabe people.

I appreciate the opportunity to speak with you about the audit of rural and remote connectivity. This is a crucial issue and one with which my ministry is seized. As long as there are Canadians who are not connected to broadband Internet, we will not be satisfied, and we are as impatient as, I think, others that progress is made on this file. I appreciate the chance to provide an update on what we're doing.

In June of 2019, the government released Canada's first connectivity strategy. It included the goal of connecting all Canadians by 2030 and interim goals of connecting 90% of Canadians by 2021 and 98% by 2026. Overall, \$7.6 billion has been committed federally to that strategy since 2015. That is an unprecedented amount. It's about 10 times more than all previous federal connectivity commitments since the 1990s combined, so it's a substantial investment.

I'm pleased to say that we are seeing strong and steady progress as a result of the government's connectivity strategy. For example, in 2018 only 86% of Canadian households had access to broadband Internet at speeds of 50 megabits per second download and 10 megabits per second upload. By the end of this year, we're anticipating that will grow to 94.6% of households, so that's about a 60% closing of the gap in the last five years. That is largely as a result of the significant investments that have been made.

Similar progress is happening in rural and indigenous communities. There is a lot more to be done—I want to be clear. I don't think we want to crow about success, but I think it's important to note that there has been a pretty rapid closure in the gaps, including in rural and indigenous communities. For example, in 2018 only about 42% of rural households had access to those speeds. At the end of this year, we're on track to reach 71% of households. That's a 70% improvement since 2018.

First nations coverage is also expanding significantly, slated to hit 50% coverage of broadband this year. That is up from 32% in 2018, so that's about 56% growth in coverage in the last five years.

• (1110)

[Translation]

Building out this infrastructure in challenging geographies takes time, it's true. And, like so many others, this sector has been subject to supply chain constraints. But we are still on track. Not only did we exceed our first goal of 90% coverage by 2021, but we're also on track to surpass our next goal of 98% by 2026.

[English]

Our programs are also expanding mobile wireless coverage. For example, in partnership with B.C., we have a project to expand coverage along the Highway of Tears through B.C.

The government does recognize that affordability is an important issue for Canadians. Under the UBF or universal broadband fund, projects that lower prices to the consumer are prioritized. I would be happy to provide more detail in testimony. This means that rural Canadians will have access to modern services at prices that are comparable to those that are paid in urban areas.

I'd also note that we're building much faster speeds and for the needs of the future. About $80 \ensuremath{\wp}$ of every dollar we're spending is going to one gigabit or better speeds. That means that fibre optic cable, basically, is the majority of the investments. Even though our standard is 50/10, most of the money is going to projects that are 20 times faster than that, so in some sense we're future-proofing the investments we're making, because they will have significant capacity.

As I noted, broadband projects, similar to other infrastructure projects, can take two to three years to complete, through permitting and construction. That will not, we believe, impact our ability to meet the goals. Funding recipients are able to begin their project and they are compensated as expenses are incurred. They actually have the ability to pre-spend a certain amount of money even before the final contract is signed, which means that projects are getting under way, the infrastructure is getting built and Canadians are benefiting.

We also have regulatory initiatives to support the efforts being made to directly invest in broadband. For example, we made more spectrum frequencies available, and we've implemented strong "use it or lose it" provisions for spectrum, so that people who purchase spectrum at auction actually have a legally binding requirement to deploy it.

[Translation]

We will ensure that the recommendations in the audit are implemented as part of our plan. For example, the government's policy direction to the CRTC came into force in February and has measures to improve affordability and measuring quality of service.

[English]

In May of this year, we also updated our UBF public dashboard and our national broadband availability map to demonstrate progress.

The investments being made are transformational in scale, and we are only partway through our plan. We know we have a lot more work to do. We know there are Canadians in rural areas, we know there are indigenous Canadians, who are not yet connected, but I would just like to leave the main message that significant progress has been made. We anticipate meeting the future targets as we go year by year until we hit 100% of Canadians covered by 2030 and 98% in about two and a half years' time.

Thank you very much for the chance to be here with you today.

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

I don't know if you remember, but we served in the PMO at the same time some years ago. I'll catch up with you afterwards.

Ms. Eatrides, you now have the floor for five minutes, please.

Ms. Vicky Eatrides (Chairperson and Chief Executive Officer, Canadian Radio-television and Telecommunications Commission): Thank you very much, Mr. Chair.

Thank you for inviting us to your committee.

Before I begin my remarks, like my colleagues, I would like to acknowledge that we are here gathered on the traditional unceded territory of the Algonquin Anishinabe people.

I'm joined this morning by my colleague, Scott Hutton, who leads the CRTC's consumer and research work.

[Translation]

I am looking forward to your questions, so let me just briefly touch on three things. First, what the CRTC has heard directly from Canadians on the importance of highspeed Internet. Second, the role we are playing as part of the broader collective effort to connect communities. And finally, what we are doing to respond to the report.

• (1115)

[English]

I think we can all agree with the Auditor General that access to the Internet is vital. No matter where we live, Canadians need reliable, affordable and high-quality Internet for every part of our daily lives.

Since taking on my role earlier this year, I've heard stories directly from community members across Canada, in places like Whitehorse, Winnipeg, Cape Breton and other regions, about how our telecommunications services have fallen short.

Let me share a couple of brief examples of what we heard in the Yukon. We heard about the lack of education for children where, during the pandemic, without access to high-speed Internet, they lost out on one, two and three years of schooling. We heard about the impact on the safety of community members, including seniors. We were told about an elder lying on the floor for 24 hours, because she needed medical attention and was unable to access the medical alerting services that are available elsewhere across the country.

Obviously, these types of stories are troubling, and though we have made strides together to connect communities, more needs to be done.

This brings me to the CRTC's role. As you know, we are a quasi-judicial tribunal that regulates the broadcasting and telecommunications industries. In 2019, the CRTC launched a broadband fund to help improve access. It is 100% funded by Canadian telecommunications companies. The fund is part of a much broader effort to connect communities. It represents less than 3% of all federal, provincial and territorial government support for these types of projects.

So far, the CRTC has committed over \$240 million to improve access to high-speed Internet and cellphone services in 205 rural and remote communities, including 89 indigenous communities. We are making progress, but we know that more needs to be done.

[Translation]

That's why we welcome the four recommendations that relate to the CRTC in the Auditor General's report and are taking action to address them. One of the recommendations relates to the CRTC's Broadband Fund application process and three relate to data collection and management. We are already improving the application process and moving faster.

Our third call closed in June. We received over 100 applications seeking \$1.9 billion for projects to improve service in the hardest-to-reach communities. With this call, we have cut the time it takes us from receipt of applications to issuance of decisions by over 40%.

At the same time, we launched a broad public consultation on how to make the application process faster and easier; on creating a new funding stream for Indigenous communities; and on funding projects that would increase the reliability of rural and remote networks.

With respect to the Auditor General's recommendations regarding data collection and management, we are working with ISED and other partners on those joint recommendations.

[English]

The action that the CRTC is taking in collaboration with ISED and other partners is aimed at ensuring that all Canadians have reliable high-speed Internet. We all want Canadians to participate fully in our society and to access essential services like health care and education. We are committed to doing our part and to working with partners to help connect Canadians.

Thank you. We look forward to your questions.

The Chair: Thank you very much.

I just want to take a moment to welcome everyone here. I apologize for being a few minutes late.

Ms. Yip, thank you very much for subbing in for me. I do appreciate it. We try to be a well-functioning and efficient committee, and I think we do that, so thank you, Ms. Yip.

Turning now to members, we'll begin with Mr. Mazier.

You have the floor for six minutes, please.

Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC): Thank you, Chair.

Thank you to the witnesses for coming here today, and thank you, Ms. Hogan, for shedding a light on the complications we have with connecting rural Canada.

I'm from southwestern Manitoba, and I've lived in rural Canada all my life. It has been truly a challenge to get even a voice at the table to try to shine some light on this important subject, so thank you very much for that.

Mr. Kennedy, the government plans to connect all Canadians to high-speed Internet by 2030. Is that correct?

(1120)

Mr. Simon Kennedy: That is the objective, yes.

Mr. Dan Mazier: That's a yes.

What year does the government plan to connect all Canadians and major roadways with reliable cellular service?

Mr. Simon Kennedy: The current plan is focused on broadband access, wireline broadband access. There are funds that have been provided through the strategy for mobile. At this point, we are working to deploy those funds, but it's clear that more funding will be required to connect all major roadways with cellular coverage. That is something that we will have to return to, but the focus of the strategy is to connect all Canadians to wireline broadband.

Mr. Dan Mazier: I'll add this, and then we'll have a conversa-

The Auditor General stated in her report that the government's connectivity strategy "did not include targets for mobile cellular connectivity." Has that changed?

Mr. Simon Kennedy: We agreed, in response to the Auditor General, to take that back and look at that. We agree that mobile coverage is very important. The current focus of the strategy is wire line, but certainly, cellular coverage along major roads and critical areas is something that we believe is important. There has been some investment in that space, but as I noted, there would need to be additional investment to connect all roadways to cellular coverage.

Mr. Dan Mazier: Does the department have a cellular connectivity plan yet?

Mr. Simon Kennedy: We have an element of the universal broadband fund that's focused on—

Mr. Dan Mazier: Do you have a cellular plan target?

Mr. Simon Kennedy: At the moment, there is not a target for cellular coverage, but there is an element of the plan that's focused

on cellular coverage and we have some resources that we're deploying now to that end.

Mr. Dan Mazier: How does the government measure results when you don't even have a target?

Mr. Simon Kennedy: I would just note that the purpose in the universal broadband fund was to connect all Canadians to mobile wireline broadband, and that's the focus—

Mr. Dan Mazier: It's mobile, including cellular, so that does include.... That's okay.

Ms. Hogan, I'm referring to exhibit 2.2 on page 8 of your report. You've included in your report a graph that shows the number of Canadians with access to mobile cellular services. Is that correct?

Ms. Karen Hogan: Yes, we did.

Mr. Dan Mazier: Can you read the percentage of Canadians in rural and remote areas who have access to mobile cellular coverage in 2020?

Ms. Karen Hogan: The graph shows coverage up until the end of 2021—

Mr. Dan Mazier: Yes, just for 2020.

Ms. Karen Hogan: For 2020, coverage in rural and remote areas was 97.2%.

Mr. Dan Mazier: Can you read the percentage of Canadians with access to cell coverage in rural and remote areas in 2021?

Ms. Karen Hogan: It was 96.3%.

Mr. Dan Mazier: That means, according to this information, that cell coverage in rural and remote regions had actually gotten worse since 2020. Is that correct?

Ms. Karen Hogan: That's what the data that we audited identified, yes.

Mr. Dan Mazier: Thank you.

Mr. Kennedy, telecom companies are required to provide data on their cellular coverage to the government. Is this correct?

Mr. Simon Kennedy: I'll turn to my colleague Mr. Dagenais, who can speak to the reporting requirements.

Mr. Éric Dagenais (Senior Assistant Deputy Minister, Spectrum and Telecommunications Sector, Department of Industry): The reporting requirements are to the CRTC, and we are working with the CRTC and with telecom firms to get better coverage data. We have some, but we're working on improvements as per the Auditor General's recommendation.

Mr. Dan Mazier: They are required to provide data. That's correct.

Ms. Hogan, in your report you stated that cellphone coverage data was not verified. You stated that the CRTC does not verify the data on mobile service coverage that they receive. You also stated that the department does not verify the mobile cell service data they receive. That means the cell coverage data submitted to the government has not been verified.

I find this very concerning. If the government is actually claiming that over 96% of Canadians in rural and remote regions have access to mobile services, but the government is not verifying all this information, could this data and could these reports be actually inaccurate and inflated?

Ms. Karen Hogan: There's always a possibility when no one kicks the tires or challenges the information or looks for anomalies that there are errors in data, which is why we recommended that information shouldn't just be taken in good faith and that you should at least do some vetting of that information. We can only take what the government had, analyze it and give you those details, but it's an excellent practice to vet the information you receive from third parties.

• (1125)

Mr. Dan Mazier: Do you find it kind of concerning? Before we started the committee here, we noted that everybody has complaints about cellphone service in Canada. If it's not cost, it's definitely reliability and serviceability, especially in rural Canada. When you come to rural Canada, the government's telling you one thing—"Look, don't worry. Everything's fine. Everything's okay. We're connecting you. We're spending billions of dollars"—yet no one is verifying that. The reality is that they're not being covered.

The Chair: Thank you, Mr. Mazier. I'm afraid that is your time, but I see that we'll be coming back to you shortly.

Ms. Yip, you have the floor for six minutes. Go ahead, please.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Chair.

I live in the city and I sometimes have connectivity problems with the Internet as well as the cellphone. I move an inch this way and my call gets dropped. I can only imagine how those who live in rural and remote areas must feel.

My question is directed to Mr. Kennedy.

There is a plan to connect 98% of Canadians to high-speed Internet by 2026 and 100% by 2030. Are you on track to reach these goals?

Mr. Simon Kennedy: At the moment we are on track. The first goal was in 2021. That goal was exceeded, and we're expecting to meet the next goal, which is in 2026. There's no evidence to suggest we will fall short of that one. The 2030 goal of 100% of Canadians covered is obviously further away. There will need to be additional technologies and resources to actually hit the 100%, but we are confident about getting to 98% by 2026.

Ms. Jean Yip: What percentage of Canadians are connected to high-speed Internet today compared to what it was, let's say, 10 years ago?

Mr. Simon Kennedy: If we go back even just five years, about 86% of all households would have been connected to high-speed broadband.

I should make a distinction because the focus of the universal broadband fund, and indeed the focus of the audit, is on wireline broadband access, not cellular coverage. We agree that cellular coverage is important, but the statistics I'm citing are for wireline Internet.

In 2018, it was 86% of households. We project that by the end of the year we'll be at 94.6% coverage. By 2026 we project 98% plus, perhaps a little higher, but certainly we will exceed the 98% coverage target for wireline Internet service.

Ms. Jean Yip: What's being done to close this connectivity gap?

Mr. Simon Kennedy: If I could maybe just provide a brief overview, there's been just over \$3 billion—

Ms. Jean Yip: I'm sorry, but could you just ask Mr. McCauley...? I can hear the competing voices.

The Chair: Yes. I got it.

Ms. Jean Yip: Thank you.

Mr. Simon Kennedy: Through the universal broadband fund, for example, there's been just over \$3 billion of federal money allocated to support closing the gap, largely in rural, remote and indigenous communities, because that's where the market hasn't readily served those communities.

When the government announced the universal broadband fund, a number of provinces stepped up virtually immediately to pledge to match the federal money. Quebec is a good example of that. Shortly after the UBF was announced, Quebec said they actually wished to spend significant resources and to partner with the federal government to basically extend fibre optic coverage in Quebec. As of today, Quebec has full coverage of fibre optic broadband Internet service.

The UBF money, the federal money, the \$3 billion, has been matched by a couple of million dollars of provincial money and we are—

Mr. Éric Dagenais: It's \$5 billion, private and provincial.

Mr. Simon Kennedy: Yes, it's \$5 billion in private and provincial dollars, so it's \$8 billion in total.

We have signed a memorandum of understanding with a number of provincial governments to try to coordinate our investments, so we're basically focusing on projects that we all agree are important, making sure that we combine our efforts and so on. There are hundreds of projects that have been authorized to date. There are technical staff in my organization who track each project and track the milestones. The senior executives have quarterly meetings with the large telephone companies to take stock of progress and see how things are going.

We're very confident at this point that most of these major projects are on schedule and will be completed in the remaining year or two before we get to the 2026 deadline.

Ms. Jean Yip: What can we learn from the success of Quebec in terms of working with other provinces to achieve their results?

Mr. Simon Kennedy: I might turn to my colleague, who was leading some of the discussions with the provincial governments. I think that part of the success was a willingness of both levels of government to work together and coordinate their efforts. With the significant, frankly, provincial investments that were made to partner up with the federal government, we've been able to go much further in some jurisdictions, frankly, because the provincial government put money on the table.

Ontario is a great example of where we've been able to extend coverage further and faster, if you like, because the provincial government has made such a significant contribution.

The other thing I would say would be that you could make a good case with the significant federal dollars put in. The provincial match also enables us to do things like spend more of the money on high-speed fibre optic technology. Frankly, when we began this process at the outset of the pandemic and very early on, we didn't necessarily imagine that most jurisdictions would say that they wanted to go right to fibre optics. There are a lot of other technologies, like microwave and using radios and so on, where the capacity is good—it's broadband—but it's not nearly as good as fibre optic. It's also cheaper.

When we started this process we would have imagined that, given the amount of money available, we would have extended broadband but that some of the technologies would not have been state-of-the-art fibre optic. The provincial investment has allowed us to go to the very highest premium service in most of the investments we've made. I would say that Quebec is mostly fibre optic—is it not?

• (1130)

Mr. Éric Dagenais: Yes. There are a few homes that are currently served by satellite—

Mr. Simon Kennedy: They are very remote.

Mr. Éric Dagenais: Yes, they're very remote homes.

The objective is to have full fibre connectivity. Most of the companies are done by now, but there are still a few homes being connected.

Ms. Jean Yip: Mr. Dagenais, do you have more comments with respect to other provinces?

Mr. Éric Dagenais: We've been working with Quebec for a number of years. They are done.

One thing to keep in mind is that they started before other provinces, so they did go very quickly. I think there was determined leadership at the provincial level, and there were political commitments made to go very quickly. They started in 2020 and even 2019

The other thing is that they were willing to take some risks, and there was no open competition for the awards. There were bilateral negotiations with the various Internet service providers, but a lot of governments would rather have an open competition. There were things that were done differently and that we could learn from, but at the end of the day, they were the first province to get to 100%.

[Translation]

The Chair: Thank you very much.

Ms. Sinclair-Desgagné, you have six minutes.

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Thank you, Mr. Chair.

Good morning to you, Madam Auditor General, and to all the witnesses who have joined us today.

I'd like to ask some questions along the same lines as my colleague Mr. Mazier, about economies of scale that could have been achieved if both cellular and Internet connections had been considered. I'd like to hear more. I understand you don't have a goal for cellular connection.

Why didn't you simply view these two programs as being complementary programs that could be carried out together?

Mr. Simon Kennedy: I'll provide a brief answer, then ask my colleague Mr. Dagenais to offer a slightly more detailed response.

We know there's a lot of work to be done when it comes to cellular coverage in rural areas. I'm not trying to suggest that there's no more work to be done, but even in rural areas, the vast majority of households have cellular coverage. We're talking about highways and such. As far as broadband is concerned, that's more about communities, places where people live. So they're not exactly the same targets for investment.

I will turn this over to my colleague, if you wish.

Ms. Nathalie Sinclair-Desgagné: Quickly, I'd like you to tell me more, Mr. Dagenais.

Mr. Éric Dagenais: At the time, there was a considerable gap in home Internet coverage compared to cellular coverage. So the decision was made to fund a program to connect households to the Internet as a priority. We started with that.

Mr. Simon Kennedy: It's not as if economies of scale were possible if we did both at the same time.

Ms. Nathalie Sinclair-Desgagné: For example, economies of scale could have been achieved had we planned to build a tower of a certain size so that it could be used for both cellular and Internet connection at the same time, rather than having to build another tower later on or resort to other means to establish the connection.

Mr. Éric Dagenais: Yes. That said, most of the projects we're funding right now, as Mr. Kennedy indicated, are fibre optic projects, for which we don't build towers.

• (1135)

Ms. Nathalie Sinclair-Desgagné: No, indeed.

Mr. Éric Dagenais: We often use telephone poles or buried cables. So, insofar as we don't build towers, there are no economies of scale to be made.

Ms. Nathalie Sinclair-Desgagné: However, I don't imagine that you install underground cables reaching all the way to the most remote areas. For those, that's clearly not the best solution. As you said earlier, in Quebec, for example, remote areas are covered by satellite or other means.

Wouldn't there have been economies of scale had both programs been implemented at the same time?

Mr. Éric Dagenais: There again, satellite coverage doesn't require building towers. Sometimes infrastructures can overlap, as in a Venn diagram. For example, infrastructure for cellular coverage can sometimes be used for Internet coverage, in the case of fixed wireless services, but those infrastructures are often quite different.

Ms. Nathalie Sinclair-Desgagné: Every year, on the only roads they can use to get to work or school, people die for lack of access to cellular coverage. This happens in ridings like that of my colleague Marilène Gill, in the Côte-Nord region. We really must pull out all the stops to solve this problem.

In Quebec, we've pulled out all the stops for Internet coverage. As you said, the provincial government went ahead before the federal government, because they thought the federal government was stalling a bit. Then the money was transferred to the province and everything was done properly.

For cellular coverage, however, there's still a great deal to do. Many of these companies operate on a national scale. Even if a fourth player enters the arena, so to speak, these companies are operating nationally.

Why not require them to cover entire territories, rather than handing them highly lucrative parts of the market? Why not be a little tougher on certain companies that might dictate their cellular coverage?

Mr. Éric Dagenais: I can tell you that at the recent auction, in 2021, the deployment requirements for those who bought spectrum licenses were the strictest ever imposed. They had to cover their entire LTE network. So it was very strict. We're going to do the same thing for the auctions that begin in three weeks.

Ms. Nathalie Sinclair-Desgagné: Don't you think we should go a little further to cover, as you said earlier, freeways and roads that are still heavily used and have no coverage, which can be dangerous?

Mr. Éric Dagenais: We agree that cell phone coverage on the roads is a priority issue. The Auditor General has asked us to look into it, and we will.

Ms. Nathalie Sinclair-Desgagné: Very well, but you just said that you haven't changed the terms and conditions for the next call for tenders. Why don't you go a step further and require that?

I remind you that these companies reap huge profits. So if we were to ask them to extend their coverage a little, particularly on the roads and freeways that are important to our fellow citizens, that would be a good step.

Why ask them to cover only their LTE network? Why not be a little more demanding of these companies?

Mr. Éric Dagenais: We're looking into it right now. I really can't provide you with a more detailed answer.

Ms. Nathalie Sinclair-Desgagné: All right. Will you be able to give us an update when you've finished looking into this? To that end, I would call upon the Clerk and the Chair. It would be reassuring for the citizens we represent to know that they will finally have cell phone coverage on the roads they travel, and that fatal accidents will be avoided as a result.

I think I have 15 seconds left, don't I, Mr. Chair?

The Chair: Actually, your time is up, but I will allow Mr. Kennedy to briefly respond.

Mr. Simon Kennedy: I'd just like to clarify that we completely agree that cellular coverage on the roads is very important. The Auditor General mentioned that we needed to address this serious issue, and we agree. So far, the goal of this policy has been to connect people to the Internet, but clearly we need to examine that other issue.

The Chair: Thank you very much.

Ms. Sinclair-Desgagné asked you for information. Are you prepared to provide it?

Mr. Simon Kennedy: We can absolutely provide the Committee with a response.

The Chair: Thank you very much.

[English]

Mr. Desjarlais, I hope you have a good, strong Internet connection, because you have the floor for six minutes.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Mr. Chair.

Thankfully I'm in an urban area, which I think in this particular audit highlights what the Auditor General puts in very poignant words. It's one that I will focus on today, which is the digital divide.

It's no secret, Mr. Chair and witnesses, that Canada experiences many divides, particularly now more than ever. It's exacerbated, of course, by the fact that our services, in this case digital services, provide an enhanced barrier. It's made very clear, by the remarks of the Auditor General and in the report, that the digital divide not only persists between rural and urban areas but between non-indigenous and indigenous areas.

I think this is a serious point to make and one that I think differentiates between the kind of Canada that people in urban Canada experience and the kind of Canada that indigenous folks experience. I think it's part of Canada's national crime that we continue to see this great disparity between those services among indigenous and non-indigenous folks.

I hope that the territorial acknowledgement that each and every one of you provided today provides some reflection that, when you do those acknowledgements, it's not simply to acknowledge where you are to check a box but it's to understand that we have a responsibility. That responsibility extends deeply into the national consciousness of how these services and how those promises are to be manifest in the decisions that we have, the decisions we make and the decisions each and every one of you make.

I'll speak to the digital divide hopefully to give some greater understanding of why it persists. We are in 2023, and indigenous folks are still left behind at a greater percentage than 50%. There have been billions of dollars now committed—you've spoken to some of them—and we still continue to see audits like this. I'm very disappointed by this.

I'm from Alberta. We experienced huge and massive wildfires across the north and the Northwest Territories, and many of these communities are rural. Many of these communities are remote, and many of these communities are indigenous. If we don't act, if we simply wait another three years, we're putting lives at stake. We're putting people at stake. We're putting whole communities at stake.

I hope you understand how serious this is to the longevity of these communities, which are suffering from a catastrophe, a climate crisis that can only be abated by the participation and deployment of all of our available resources, which include Internet access. That's one of the most important pieces of information sharing we could possibly have in a country as large as Canada.

I want to focus on the fact that rural and remote Canadians have a disproportionate responsibility for and disproportionate impact from the crises that are facing the country, and it's up to us to make sure we actually address those with good tools, like good Internet.

I'd like to speak now to a fact that was mentioned. The department has committed that there would be 98% connectivity by 2026.

Considering the words of the Auditor General and my concern that Canadians, in particular indigenous Canadians, get left behind, who are the 2%? Who does the minister anticipate the 2% to be? Is it urban areas? Is it in rural areas? I would likely guess that in three years' time when another audit comes out it may in fact be indigenous communities.

I'll give an opportunity now to Mr. Kennedy to respond to that, I think, fair question on behalf of Canadians.

(1140)

Mr. Simon Kennedy: Thank you for the chance to comment.

Maybe I could briefly provide a slightly broader response to the question.

We want to underline that we agree completely that there are significant coverage gaps in rural Canada and in indigenous communities. It is absolutely the case that historically, indigenous communities have much less connectivity than other communities in Canada. That is actually an issue that we are working diligently to try to fix. We would never want to minimize the concerns the honourable member raised about this gap.

What I will say though, because I think it is important context, is that the gap is rapidly in the process of being closed. The focus of our efforts, the focus of all the resources and efforts I've talked about here before the committee today, is on closing gaps in rural and indigenous communities. While there remains a significant gap, I think it's contextually worth noting that the gap is closing rapidly.

If you look in 2018, only about 31% of indigenous communities had access to broadband Internet. This year we're projecting that more than 50% will have access to broadband Internet. It still means that half of indigenous communities don't have it, but that's actually a material, significant improvement in five years. We do expect more than 80% of indigenous communities will have it by the 2026 time period, which is almost a tripling of the communities that have access.

There is still a way to go. We would agree with that. It is likely that the 2% we talk about when we get to this 98% coverage in 2026 will consist of the most remote and difficult communities to access. For example, if you're extending fibre optic cable to a community, as my colleague said, you often have to dig a trench. It may have to be hundreds of kilometres through the wilderness. There are going to be very remote communities in the north and so on where that's really not practical.

• (1145)

Mr. Blake Desjarlais: How many people is that, Mr. Kennedy? How many people does that 2% you're talking about right now represent?

Mr. Simon Kennedy: Mr. Chair, I don't have that number totally off the top of my head....

It would be 300,000 households in terms of removing the remaining 2%.

Mr. Blake Desjarlais: Three hundred thousand is a lot.

Mr. Simon Kennedy: Yes.

Mr. Blake Desjarlais: I'll just comment that it's probably best not to minimize those voices.

Mr. Simon Kennedy: Mr. Chair, I'm not minimizing them. I'm just making the point that we will need different kinds of technology. We haven't talked about it today. It wasn't the focus of the report.

We are also working on developing low-earth orbit satellite technology to bring high-speed Internet satellite coverage to the north. We have an agreement with Telesat—which was inked a number of years ago—to buy capacity in their LEO constellation.

We actually-

Mr. Blake Desjarlais: The answer to my question is that 300,000 Canadians will be left behind.

Mr. Simon Kennedy: No, 300,000 Canadians is the remaining number we have to make decisions on regarding how best to connect them, given that it will be difficult to connect them with some of the technologies we're using.

The Chair: That is the time, Mr. Desjarlais. If you have further questions, you will be up again.

Mr. Blake Desjarlais: Thank you, Mr. Chair. The Chair: I'll turn now to our second round.

Mr. Mazier, you have the floor again for five minutes.

Mr. Dan Mazier: Thank you, Mr. Chair.

Mr. Kennedy, there were thousands of Atlantic Canadians without cell service during hurricane Fiona when it landed.

Does the federal government require backup power on cell towers so Canadians can make calls during a power outage?

Mr. Simon Kennedy: I might turn to my colleague.

One thing I will note is that we have a fairly aggressive agenda to work with the telecom companies and the CRTC in order to improve the reliability of telecom services and particularly to deal with emergencies. We can spend a bit of time on that, but perhaps there's a specific question.

Mr. Dan Mazier: Does the federal government require telecoms to have backup power on cellphone towers today?

Mr. Éric Dagenais: No.
Mr. Dan Mazier: Thank you.

Mr. Kennedy, the Auditor General stated this in her report: "For certain rural and remote regions, satellite is likely to be the only solution to provide access to connectivity for Canadians." Starlink satellite Internet is a great example of what can work in rural Canada. I know it's changed rural Manitoba in many positive ways. It proves the point that we need more competition.

In 2019, the current government announced \$600 million for a low-earth orbit capacity agreement with Telesat Canada to support rural connectivity through satellites. After spending \$600 million on Telesat, how many Canadians have been connected?

Mr. Simon Kennedy: I should clarify that this is an agreement to purchase capacity on Telesat's constellation when it is launched. Telesat's constellation is not operating yet. It is a commitment to support that Canadian company when its satellite technology launches in order to provide those services to Canadians.

We work with Starlink, though. Through the UBF and in particular the rapid response stream of the universal broadband fund, there are communities that have used Starlink technology. We are working with Telesat, but we are absolutely working, as well, with SpaceX and the Starlink constellation.

Mr. Dan Mazier: There have been no Canadians connected from that agreement.

Mr. Simon Kennedy: This is a financial pledge. There hasn't been a dollar spent yet.

Mr. Dan Mazier: There hasn't been a dollar spent yet.

Mr. Simon Kennedy: No, this is a-

Mr. Dan Mazier: This is a press release from 2019. It says they're going to satisfy...they're going to connect all of rural Canada, with \$600 million to Telesat, but there has not been a dollar spent yet.

Mr. Simon Kennedy: Telesat is still working on the launch of their LEO constellation.

Mr. Dan Mazier: There has been no-

Mr. Simon Kennedy: There has been no disbursement of money through that pledge of \$600 million, because that is an agreement to purchase time on a satellite constellation once it has been launched. The satellite constellation hasn't been launched; ergo, the money has not yet been spent.

Mr. Dan Mazier: There's been no one connected—zero.

Mr. Simon Kennedy: Other than the current people connected in the earlier—

Mr. Dan Mazier: Is there nobody connected from that report?

Mr. Simon Kennedy: No, because the satellite constellation has not unlocked yet.

(1150)

Mr. Dan Mazier: Thank you.

Mr. Kennedy, the Auditor General reported that the Canada Infrastructure Bank has \$2 billion available for large-scale connectivity projects. The Auditor General also noted the Infrastructure Bank relied largely on the assessments and approvals of your department.

How many connectivity projects that have received funding from the Canada Infrastructure Bank are fully complete?

Mr. Simon Kennedy: I don't know whether I have that information directly available or not. We'd be happy to come to the committee with a detailed accounting.

I will say that we work very closely with the CIB on major projects, and we often co-invest together to stretch our dollars. We have worked very closely with the Infrastructure Bank. I just don't have the details on me.

Mr. Dan Mazier: Could you table that report?

Mr. Simon Kennedy: Yes.

Mr. Dan Mazier: How am I doing for time? **The Chair:** You have just over a minute.

Mr. Dan Mazier: Thank you.

Ms. Eatrides, how many projects under the CRTC's broadband fund have been delayed in any form—starting or completing?

Ms. Vicky Eatrides: So far we have committed funds for 205 projects in rural and remote communities. Once those projects have committed funding, then the companies build. Sometimes there are delays with projects, and there have been some, given the supply chain issues through COVID—we know that. We can come back with the exact number with an undertaking to give you these—

Mr. Dan Mazier: Can you also report back on how many have been delayed from either starting or finishing, in that report? That would be great.

Ms. Vicky Eatrides: Yes, that would be doable.

Mr. Dan Mazier: Thank you.

Mr. Kennedy, how many projects under the government's universal broadband fund have been delayed?

Mr. Simon Kennedy: I would have to come back with the specifics. As I said before, we're actually confident that we're going to hit our targets, and we've already hit the first milestone in 2021. In aggregate, the delays have not resulted in a material setback to hitting the targets. There have been individual projects that certainly have been delayed. I'd have to come back with an accounting of that. I don't have that handy.

Mr. Dan Mazier: Thank you.

The Chair: That is your time, I'm afraid, Mr. Mazier.

Ms. Bradford, you now have the floor for five minutes, please.

Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.): Thank you, Mr. Chair.

Thank you to all our witnesses for coming today and discussing this important report, which I believe all of us have an interest in.

Mr. Kennedy, the government signed agreements with six provincial governments to work together to close the connectivity gap. I think we can see from the chart the impact that has on moving things along faster. Would you mind just giving us the names of the provincial governments that you have signed agreements with?

Mr. Simon Kennedy: We have signed agreements with British Columbia, Alberta, Ontario, Quebec, Prince Edward Island and Newfoundland to date.

Ms. Valerie Bradford: Looking at the chart, I think we can see that's where the rapid progress is being made, so it's clearly very effective when everybody can get pulling in the same direction and focusing on getting this important work done.

How does the universal broadband fund compare to previous government programs targeted at improving access to high-speed Internet?

Mr. Simon Kennedy: I would make two comments. One would be that there was a previous program of, I would say, more modest scale that focused on backbone technology. This wasn't like last-mile technology where you're connecting the house. It was basically designed to build the major pipes that reach the community but don't actually connect up to the individual house or the individual streets.

As I noted in my opening remarks, the scale of the universal broadband fund is quite a bit bigger than previous initiatives of governments past, under all stripes, I guess. There was a program in the, I'm going to say, late nineties or early 2000s, which was a modest program to connect to speeds of 5/1, so one megabit upload and five megabits of download. The current program is 50/10, so it's much faster.

However, the previous programs were really modest. On the UBF, as I mentioned, the scale of the funding is a factor of 10 versus all previous programs combined. If you add up all the previous programs and multiply that by 10, that's the size of the UBF. The UBF is actually the only really significant large-scale broadband program that's been launched in the last 20 years.

Ms. Valerie Bradford: Okay.

I'll continue now with the UBF. One of the key recommendations from the report is to "improve the application review and application approval process", as there was an issue with delays.

Could you explain what the approval processes for both the rapid response stream and the core UBF projects are? What are the contributing factors to the delays? Also, how many applications were received?

Mr. Simon Kennedy: Yes. I'd be happy to speak to that, and I can turn to my colleague Mr. Dagenais to talk a bit more about the specific process.

It's just to say that we opened a portal for applications to both the UBF and the rapid response stream. With the rapid response stream, we had about 10 times more applications for shovel-ready projects than were anticipated.

I'll be very frank with the committee. Had we known in advance that we were going to get an avalanche of shovel-ready projects, we might have set things up a little differently. Part of the delay.... The upside was that we had a lot more interest in the program than had been anticipated. As a result, some of the adjudication took longer than we would have wanted.

The universal broadband fund was a different sort of issue. The government announced the UBF. I think, at the time, it was about a billion dollars. As I noted in earlier remarks, a number of provinces stepped up right away and said, "Actually, we would like to match the money and work with you." In effect, it was that activity by the provinces that allowed us to rethink some of the investment, like doing more in fibre optics, for example.

Quebec is the best example. Within a matter of weeks of the UBF being announced, Quebec announced that it wanted to fibre up the whole province, and it was going to make this major investment to do so. The result of that was that we had to put a pause on some of the investment activities. Rather than do what we would normally do, which is put out an RFP, get applications, adjudicate and then pick the applications and make the investment, we had provinces with significant money actively interested in investing.

In some cases, obviously, they came to the table with views. They had a view of the kinds of investments they wanted to make. Quebec, for example, was quite adamant that it wanted to make sure that it was fibre optics investment. That was not in the original conditions of our program. It would have allowed a broader range of technology.

In the case of Ontario, even though we had substantial resources available, they would not have been enough to cover the entire province. With the provincial government's investment, we could do a lot more, but obviously the province—as you would expect—is a sovereign level of government. It had views. Where it wanted to invest, we had already done an intake process. We had applications on the table. We needed to let Ontario look at what we had to see whether or not it matched its priorities.

There was a bit of effort involved to try to make sure that, when we did the work, we did it in a complementary fashion with our provincial partners. Frankly, that delayed the execution. The downside was that it delayed the execution. The upside that was we wound up with significant leverage for the federal dollars. It was a lot more money than we had originally anticipated spending, which allowed us to both increase coverage and provide higher-quality coverage.

In terms of the specifics—

(1155)

The Chair: I'm afraid that is the time. I appreciate it.

I allow witnesses to finish their thoughts, but that was a good segue.

[Translation]

Ms. Sinclair-Desgagné now has the floor.

You have two and half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

I have questions for the Auditor General.

Based on what you've seen and reported, do you think infrastructure and investment are sufficient to increase cellular connectivity across Canada? Ms. Karen Hogan: During our audit, we did not look at the infrastructure and its capacity. However, we did find that the department had not determined how much it would truly cost to extend cellular coverage and high-speed Internet services to those currently without access. If you don't know precisely how much you'll need to invest, it's hard to know whether you'll reach your goal, or whether industry and government are investing enough. That's why we recommended that the department properly assess the cost of extending services to people in areas still without coverage. Since they are in more remote areas, it will most likely cost more.

Ms. Nathalie Sinclair-Desgagné: Precisely.

I have a question for you, Mr. Kennedy. When do you think you'll have that figure mentioned by the Auditor General?

Mr. Simon Kennedy: We're confident that the money we have now will enable us to achieve our goal of connecting 98% of households. What remains to be determined is the amount for the remaining 2% of coverage.

We agree with the Auditor General when she says we need to determine how much will be needed to close the gap, but I don't have that figure at this time.

Ms. Nathalie Sinclair-Desgagné: When do you expect to have that figure for the remaining 2%? Do you have a timeline?

Mr. Éric Dagenais: I think we should have it by the beginning of 2024

Mr. Simon Kennedy: I believe that's the case. There's still a little more work to be done to move forward with what's currently on the table and identify all the elements. For instance, it's possible that our current investments will allow us to go further. If so, it will cost less.

Ms. Nathalie Sinclair-Desgagné: I understand all that, but I'm asking when you think you'll have that figure. Do you think you'll have a sense of that figure by the end of 2023 and be able to provide it to the committee?

Mr. Simon Kennedy: Ultimately, it will be up to the government to announce those details. That said, I honestly think it's realistic to think that in 2024 we'll have a good sense of the results borne by efforts underway.

Ms. Nathalie Sinclair-Desgagné: Are you talking about the first quarter of 2024 or the second?

Mr. Simon Kennedy: It's hard for me to provide specifics, but thank you for the question.

● (1200)

The Chair: Thank you very much.

We're now returning to Mr. Desjarlais.

[English]

Mr. Desjarlais, you have the floor for two and a half minutes,

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

I want to turn now to the backlog, this procedural delay, this application-review delay, that's been outlined in the Auditor General's report. It makes clear that some applications have been waiting over two years for a decision. I have actually met with many folks who have applied—particularly indigenous communities from northern Alberta that have applied to the CRTC's broadband fund—and have never received a response. This is quite serious, and it's quite concerning that, after two years, a group could declare interest in a program to help their community and not have any advice, follow-up or decision. The OAG stated that it's not a good business practice to make applicants wait for two or more years for a decision, and I agree with that.

My question is for the CRTC chairperson. Do you agree that it's a bad business practice to keep applicants waiting for more than two years?

Ms. Vicky Eatrides: Certainly, we know it has taken too long in the past. We would agree with that, and we agreed with the Auditor General's comment on that. As I said in my opening remarks, we are improving our processes. We are doing better, and we've seen the numbers. With the first call for proposals, it took us 10 and a half months from the end of the call to make decisions on the applications. Again, we can have a discussion around what that involves and collaborating—

Mr. Blake Desjarlais: I'm sorry, but how do you think the delay and uncertainty affects the communities?

Ms. Vicky Eatrides: Obviously, delay is not good. We don't want to see a delay. It leaves a lot of uncertainty. That's why we're looking to move more quickly, and we are moving more quickly. Now we're making decisions—

Mr. Blake Desjarlais: Do you think it's possible that we've lost partners because of the delay?

Ms. Vicky Eatrides: I certainly hope that's not the case. We are doing everything internally to move more quickly, again, collaborating with partners. Whereas before it took 10 and a half months, now we're down to six months from the end of the call for proposals to the decisions coming out. That's the work we're doing internally to improve that process.

We've also launched a public consultation to see how we can do better externally. How do we make that process easier for the people who are applying to us? How can we better engage with them? What kinds of special streams can we have, for example, for indigenous communities? We're doing a lot of work to get better on that front.

The Chair: That is the time, Mr. Desjarlais.

Mr. Stewart, you have the floor for five minutes, please.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you, Mr. Chair.

I'm going to paint a little picture of my constituency first. If I eat up some of my own time doing that, it's okay because I'll be back up again.

I live in Miramichi. That's a beautiful salmon-fishing, more central-northern part of New Brunswick. It's a very beautiful riding.

Twenty years ago, I moved to South Korea. I spent two years working there. It always dawns on me that the Internet and mobility capability that the South Koreans had in 2003, 2004 and 2005 was actually better than what my constituents have today, 20 years later. That really pains me.

I was a provincial MLA for 11 years. A fibre optic cable runs from Newcastle to Fredericton along Route 8 in New Brunswick. That's about a two-hour drive. There are lots of people who live along Route 8. The company that owns that cable said it's not up to them to hook up the people who live there. They would often send those constituents back to me. As a provincial MLA, I always felt that we were like the last person to get invited to the dinner.

The infrastructure is private and the regulation is federal. I always felt like I was a complete disservice. It didn't seem like I could ever help my constituents. I wore it a lot. I took it home with me because I have four small children and my wife is a teacher. I'm a public figure. Internet service is so important to everyone where I live.

The interesting thing about that is that, some years later, we found out who was connected to that fibre optic cable. It was large industry. There were only a couple of them in my area—two or three at a maximum. It was the pharmacies and the Atlantic Institution

You can imagine: An inmate in a maximum security prison in my constituency maybe only has access to Internet once a day and maybe it's not for very long, but he was getting connected to fibre optic while my constituents were having to choose between two monopolies. In the municipal regions, which are still very rural, you had the option of broadband, which was terrible compared to what the fibre optic would have been. In the rural and more remote areas of New Brunswick, you had the option of satellite Internet, which was terrible and the price just kept going up.

You can picture my neighbour, who is an 80-plus-year-old woman. She's looking out of her kitchen window directly at a fibre optic cable. It's 15 feet away from her. The company won't hook her up because they already have her business on the lower end of what they are offering. She doesn't have anything else until recently. Now there's Starlink. Thank God it exists. It actually outperformed everything we had in rural New Brunswick.

I have a couple of questions here and I don't know who should answer them. For me, the Prime Minister and the government are always accountable for everything, but lately the Prime Minister doesn't think anything is his job. Today, I'm curious about whose job it is. I want one of you to answer me and I have no favourite. Whoever thinks it's their job to answer can do so.

Whose job is it to ensure that rural Canadians have proper Internet mobility service?

● (1205)

Mr. Simon Kennedy: Mr. Chair, I'm happy to take a stab at it.

First of all, in all seriousness, I married a girl from Miramichi and spent a whole lot of time in Newcastle, so I have to be very measured in my answer here or I'm going to get into a lot of trouble.

I would say to the committee that I think a large measure of the response is the industry department's job. We administer the universal broadband fund. We have a responsibility to spend those monies with the express purpose of hooking up rural and remote regions. I don't know the specifics of the case the member has cited. What I can say, though, is that it sounds like an indicative example of why we are focusing on broadband last-mile connections to households with the universal broadband fund.

It's possible that private industry or others can put in their own fibre optic cable. They're not necessarily under any obligation to serve local households that are near the cable. With the investments we're making through the UBF, the explicit requirement, contractually, is.... We are providing that money to hook up homes.

I'm just looking at the statistics for New Brunswick, for example. While recognizing the concerns that the member has raised—I wouldn't want to invalidate them; there is work to do—we anticipate that by 2026, we'll be at almost 100% coverage of broadband in terms of households in New Brunswick. That has been a big focus of the program. We anticipate that the kinds of problems the member has raised will be solved by the investments being made. If that's not the case, we would want to know about it.

Heretofore, there was not necessarily an obligation to be connecting households. The program is designed to incentivize companies to step forward and connect households that are unconnected.

The Chair: Thank you very much. That is the time.

We'll be back to Mr. Stewart, but we're turning now to Mrs. Shanahan.

You have the floor for five minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Chair.

I listened with great interest to the portrait that my colleague painted of his riding. I do feel sympathy, but I would like to learn more about why, for example, the Province of New Brunswick has not partnered up with the federal government to make sure that the constituents in my colleague's riding have full coverage.

Mr. Simon Kennedy: Mr. Chair, I want to be as helpful as I can, but I think that question is probably best directed to the provincial government.

I will say that we have been very open about a willingness to partner up with provinces if they wish to co-invest. Some have not done that and others have, but our commitment remains the same. We want to have 100% coverage by 2030 and 98% by 2026, but I'm not really in a position to explain why a given jurisdiction may have decided not to do it. However, I understand the question.

(1210)

Mrs. Brenda Shanahan: Thank you, and I understand the answer, because another comment that was made was that this problem existed as of 20 years ago. I did hear the comments here that

amounts that were invested by the federal government at that time, which—help me out here, I believe that was Stephen Harper's Conservative government—were very modest.

When it comes to the Department of Industry allocating funds, investing and spending money, who makes the decision to allocate that money in the first place?

Mr. Simon Kennedy: The government, at the end of the day, decides how much to allocate to these priorities. It's the industry department's job to then determine how best to allocate the funding we've been given in our budget to individual projects to make sure that we're getting the best value for money.

I think it's fair to say that—and we've seen this not just in broadband but in other areas—the pandemic turbocharged interest in this area and turbocharged interest not just at the federal level but provincially.

My comment about funding, I think, is objectively true if you look at budgets in the past, but it is absolutely true, I would say, that even among provincial colleagues and others, the demand for broadband went through the roof as a result of the pandemic. Everybody was at home. Kids were learning online. What had started as, I think, a laudable goal to advance the cause of connection became a kind of urgent priority that not just the federal government but provinces were wanting to step up and invest in.

Business was good, but it became very good as a result of the pandemic.

Mrs. Brenda Shanahan: Thank you for that response.

[Translation]

I'd now like to talk about my riding of Châteauguay—Lacolle, which is both urban and rural and includes a substantial agricultural

In 2014 and 2015, during my election campaign, my fellow citizens told me how important it was for them to get connectivity. However, funding was lacking. On the federal government side, the Prime Minister of the day signalled no intention of helping them.

Subsequently, some very interesting projects were quickly proposed. Quebec's involvement helped significantly, not only in terms of financing, but for other obstacles encountered in carrying out the projects, didn't it?

Mr. Dagenais or Mr. Kennedy could doubtless tell us more.

Mr. Éric Dagenais: In fact, the implementation of the projects posed certain challenges, for example with regard to access to poles owned by Bell or Hydro-Québec. Quebec then set up, in collaboration with the federal government, a concertation table, where I played an observer role. The partnership with Quebec was truly excellent, and the province achieved results that speak for themselves. The concertation table made a real difference to project implementation. Experienced people from all the companies involved could come and talk to Quebec decision-makers and tell them about the pitfalls they were facing, and problems were quickly resolved.

Mrs. Brenda Shanahan: That's excellent. It's precisely an approach that I recommend to my colleagues who have problems at home, for example in Manitoba and New Brunswick. We need the provincial and federal governments to work together and sign agreements. That's what gets results.

[English]

The Chair: Thank you very much.

We're turning to our next round.

Mr. Stewart, the ball's in your court.

Mr. Jake Stewart: Thank you, Mr. Chair.

In terms of my question earlier, maybe I wasn't clear. I don't see this as a partisan issue. Do I believe this government is the worst one ever? I do, but I went back 20 years on my testimony, so I'm going to ask it again.

I have the Liberal member who thinks the provincial government's in charge of Internet. I was there 11 years. I was a cabinet minister. We were not in charge of Internet. I know that inside and out

To get back to my question, you said it was industry. Am I to believe...? Am I to tell my constituents that the private sector is totally in charge of who gets proper Internet and cellular mobility—yes or no?

(1215)

The Chair: Wait just one second, Mr. Stewart.

What's the point of order?

Mrs. Brenda Shanahan: On a point of order, indeed, I believe my colleague is making partisan references when he said that he was choosing not to.

The Chair: That's not a point of order, Mrs. Shanahan. You gave it pretty good, so it's Mr. Stewart's turn. He has the floor for five minutes.

Mr. Jake Stewart: Thank you, Mr. Chair.

That's a yes-or-no answer. Is it yes or no? We know that it's not the provincial government. I believe it's the federal government. I want to know who's responsible, who's at fault, for rural Canadians not having proper cellular and Internet capabilities. Who's responsible?

Mr. Simon Kennedy: As I noted in my last response, my view is that the Department of Industry is responsible for closing the gap. That's an explicit assignment that we were given. We've been given the resources and we're working on that.

My comments earlier were simply to note that, absent a government program such as this, there's no particular requirement for.... I mean, a private company can bury a fibre optic cable if it makes the investment and serves itself. It's not obliged—

Mr. Jake Stewart: That's good. I appreciate that. It's the federal government, then, and it's the Department of Industry. I'll accept that answer. It does make sense to me.

I have another question for you. In New Brunswick we have first nations. I know that we've talked a bit about this file. Seeing that the federal government currently doesn't see fit to ensure that indigenous peoples across the country have access to clean and proper drinking water, how do you feel about their chances of affording the same communities Internet services and mobility?

Mr. Simon Kennedy: I would just note, and I'd be happy to provide the very specific figures to the committee, that we agree that there's more work to be done to connect up indigenous communities. That is unquestioned. We agree that there's more work to be done for rural communities.

I will, however, return to my earlier testimony. The record shows that there has been substantial progress in connecting rural and indigenous communities, including in New Brunswick. Our expectation is that by the end of 2026 we will have connected virtually all households in New Brunswick—virtually all, at 99.6%—and that is as a result of the investments being made. I would not dispute that there are rural areas or indeed indigenous communities that are not connected today, and that's a problem, but that is what we're focused on and—

Mr. Jake Stewart: I appreciate your answer, but I think my point was more that it's hard to imagine first nations or indigenous communities getting proper Internet when they don't have proper water. It's very hard to imagine that, even for the average Canadian citizen who might be listening today.

We know that the government has enough money for McKinsey and the ArriveCAN app. We know that they've been null on foreign interference. They've spent more money than every prime minister in history combined. Why doesn't everyone in my province already have proper Internet and mobility? What's the holdup? I mean, think about it. It's 2023. I've just told you that South Korea 20 years ago was better than us now. What's the holdup? Clearly the government enjoys spending taxpayer dollars. What's the holdup?

Mr. Simon Kennedy: Mr. Chair, maybe I'd just make, again, two comments.

One, and I'd be happy to table this, it is absolutely true that we have more work to do on rural and remote and indigenous coverage. In terms of comparisons to another country, I'd be happy to share the data. Canada in aggregate actually compares quite favourably with many other advanced jurisdictions. I don't know about South Korea. Obviously, it's a different geography and a different context—

Mr. Jake Stewart: They're number one in the world.

Mr. Simon Kennedy: —but if you look at Europe or the United States, actually our coverage is generally good. Our networks are generally of higher quality. In the coverage of rural areas, even though we have more work to do in Canada, for sure, we actually compare favourably internationally. We have a price issue, which the government is focused on, but on coverage, Canada actually stacks up reasonably well.

Mr. Jake Stewart: Not in rural Canada.

Mr. Simon Kennedy: With the investments being made, even in coverage in rural and remote areas, Canada, in general, is higher in the league table than many other countries.

Mr. Jake Stewart: No, we are way behind in rural Canada, and it's a complete stain on this country. I went through the pandemic with four children in school and a wife trying to get on the Internet to go on a portal to do her lesson plans. I couldn't even vote during a budget debate last year. I was walking around my front yard with my government cellphone trying to get connected so I could actually vote. I was sick and I had to be at home—I had a surgery—and I couldn't vote.

Mr. Simon Kennedy: Mr. Chair, I think the main message I want to—

Mr. Jake Stewart: No, don't interrupt me. I actually have the floor.

The main message that I'm trying to get across here today is that industry is responsible, the federal government is responsible and the federal government has failed miserably the people of rural Canada and indigenous communities. The evidence is all through everything we've discussed here today.

The Chair: That is your time, Mr. Stewart. Thank you very much.

Ms. Khalid, you have the floor for five minutes. It's nice to see you.

(1220)

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you very much, Mr. Chair, and I appreciate being here.

Thank you to all of our witnesses for being here today.

I wanted to follow up on a number of points that Mr. Stewart raised. First and foremost, I do believe that we've lifted 153 long-term water advisories amongst our rural communities. The work that we've done over the past number of years has been significant in terms of ensuring that the infrastructure is there. I realize a number of the issues that you all must have to deal with are about the availability and the installation of infrastructure and how much time that takes.

Perhaps I'll start by asking you a question. If 93.5% of Canadians do have access to connectivity and are connected, for the remainder, what are the biggest challenges that you perceive in terms of getting to that 100%?

Mr. Simon Kennedy: The biggest challenge to get to the 2026 figures that we've been talking about, the 98% plus, is, frankly, a matter of time. Many of these are large infrastructure projects. They take two or three years to build, and a lot of them are in train now. We've seen significant progress from 2018 to the present, but we need to run the line out another couple of years to 2026 before some of these very large projects that have been announced in concert with the provinces actually....

You won't see the percentage jump up until the light gets turned on in the house. The building is happening now, but the fibre optic cable has to be laid, the connection to the pole, from the pole to the house. It's only when the house gets connected and the service is available that we can actually move the needle on the percentage. That work is going on now, but it will take until 2026 for a lot of that cash that's going into the ground now, the building that's taking place, to produce the result of a house that's actually connected.

The biggest challenge at the moment is rolling out major infrastructure projects all across the country. As I mentioned, we have a regular table. We sit and track the milestones, which is one of the reasons I say with a fair degree of confidence that we're very confident that we're going to hit the kinds of percentages we've laid out. We wouldn't be testifying to that if we weren't, and the reason is that we work with these companies. We can see the progress in their infrastructure projects.

The pandemic has definitely created supply chain bottlenecks and those sorts of things, but in a sense, it's just time. It's like building a bridge or something. It's just going to take a bit of time to build it.

Ms. Iqra Khalid: How do those public-private partnerships work when it comes to building that connectivity, and what is a better role that the federal government can play in facilitating these partnerships?

Mr. Simon Kennedy: There are different kinds of partnerships. For example, for the investments that are made in indigenous communities, we have a pathfinder service. We have a explicit group in the ministry that works a bit like a concierge service to assist indigenous project proponents with their investments. The cost-sharing ratio, for example, with indigenous proponents is different. We fund up to 90% of the project.

For other projects, we're dealing with very large corporates like Bell or Telus or Videotron and others. In many cases, we're really a funding partner. They do the engineering, they execute, and they already have significant capital plans that they're rolling out every year. These companies are very capital-intensive companies that are investing every year. Our funding helps to ensure that the investment is happening in ways that improve the coverage in rural and remote areas.

We also try to ensure a certain balance between very large proponents that have scale and so on, and also smaller ones. In some communities and some regions, they have a smaller provider that people trust and like, and we want to make sure that we're not shutting them out.

The relationship and the way we work in some ways may differ depending on the scale of the provider and the community and so on

Ms. Iqra Khalid: Just to build on that, I'll ask you if you have any recommendations for us as to how those relationships can be better serviced towards ending that connectivity gap.

Also, then, we have signed agreements with six provincial governments to work together in closing that gap. Can you speak to the significance of those agreements and how they impact the work we do in terms of eliminating that gap in connectivity?

Mr. Simon Kennedy: I will turn to my colleague Mr. Dagenais, because he manages the relationship with a lot of these proponents and actually has been doing a lot of the work with the provinces. I think he might want to speak to that.

Mr. Éric Dagenais: In terms of the significance of the MOUs, between the six, the federal government committed \$2 billion. They've cost matched fifty-fifty in almost all cases, so there's another \$2 billion at the provincial level. That's really been, I guess, a game-changer in terms of the ability to move and be confident that we will hit the 98% by 2026.

There's unprecedented scale at the moment. Scale does come with challenges on labour, on access to poles and on permitting. Everyone is asking sometimes small municipalities for permits at the same time. There are challenges, but it's a good challenge to have when everyone is.... It means that everyone is building out the infrastructure into rural communities, so—

• (1225)

The Chair: Thank you very much.

Ms. Iqra Khalid: Chair, can I say one last thing? **The Chair:** No. I let that go quite a bit over—

Ms. Iqra Khalid: You're so mean.

The Chair: —and I'm sure you'll have time again and you can cut into some of your colleagues' time. I apologize about that.

My rule, just for new members, is that, if members are able to get their questions in before the time, I do allow witnesses to answer, but if you cut off the witness after your time, I just end it.

In that case, Ms. Khalid, that was about 45 seconds over your time, so that's why I'm going to.... I know. I'm sorry, but I know that your colleagues will generously give up some of their time in the next round.

[Translation]

Madame Sinclair-Desgagné, you have the floor for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you very much, Mr. Chair.

I'd like to bring attention back to a notion, for Ms. Shanahan's benefit, among others. In the sacrosanct Canadian Constitution, section 91 stipulates that all areas whose responsibilities were not divided up in 1867, which of course includes Internet and telephone services, will be covered by the federal government. So 100% of these services fall under federal responsibility.

The reason some provinces, notably Quebec, intervened in this issue is because they felt the federal government was taking too long. That's the case in many areas. I think the current government needs to take a good look at some of the areas where it's taking far too long to act, such as employment insurance and seniors' pensions. It's about time the federal government got its act together.

This brings me to affordability, which is very important to me. On this subject, I'd like to ask the CRTC representatives some questions.

At the beginning of the year, Minister Champagne mandated you to look at the level of competition between the various Internet service providers. I believe you had until June to hold consultations. Can you tell us what the situation is?

Ms. Vicky Eatrides: Thank you very much for the question.

In fact, we received a directive from the government in February about competition and affordability. We're working on that. Regarding Internet services, processes are underway and decisions are coming. This is a central issue for us.

Ms. Nathalie Sinclair-Desgagné: Could you be more specific, please?

Ms. Vicky Eatrides: We're looking at how to promote competition. It's clear that this is really difficult for smaller companies.

Ms. Nathalie Sinclair-Desgagné: Are you working with the Competition Bureau on this or do you have your own economists?

Ms. Vicky Eatrides: No. I know that the Competition Bureau has submitted a document to the CRTC during the process, so we'll take into account what they have to say about competition.

At the moment, we're looking at the issue of Internet services. As has been raised in the media, we are also working on the issue of competition in mobile telephony.

Ms. Nathalie Sinclair-Desgagné: In this regard, did you know that Canada ranks second among OECD countries in terms of the cost of telecommunications?

Ms. Vicky Eatrides: This is a really interesting question. There are different reports that say different things.

Ms. Nathalie Sinclair-Desgagné: This is from the OECD. I think it's a good source.

Ms. Vicky Eatrides: I know that Innovation, Science and Economic Development Canada has done a lot of research on this.

When we talk to Canadians, we understand that they're really not happy with the cost of telecommunications services.

Ms. Nathalie Sinclair-Desgagné: Have any measures been taken in this regard?

The Chair: I'm sorry, but your time is up, Ms. Sinclair-Desgagné.

[English]

Mr. Desjarlais, you have the floor for two and a half minutes, please.

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

I'd like to return to my topic with the chairperson of the CRTC.

How many applicants did not receive a response about their project approval? The number would be fantastic.

Ms. Vicky Eatrides: We will come back to you with that number. I hope that number is zero.

Mr. Blake Desjarlais: Can you please submit it in writing to our committee?

(1230)

Ms. Vicky Eatrides: Yes, absolutely, we will. Thank you.

Mr. Blake Desjarlais: I'd also like to request, in the same document or in the same follow-up, that you please provide any specific reference to how many rural, remote and Indigenous communities are still pending a response. If you can break that down by province and territory, that would be much appreciated and would be helpful for our understanding.

Finally, will you commit to urgently reaching out to every applicant who did not receive a response from you and your group? I'm sure this is something you may agree with even as a remedy.

Ms. Vicky Eatrides: Thank you very much for the question. We will get back to you with the numbers.

I would say, for the applicants who did not hear back from previous calls, we will absolutely follow up on those.

With respect to the most recent call, as I was mentioning earlier, that call just closed in June. We will be getting decisions out very shortly. Those will start to roll in the coming weeks and months, so I guess we'll be closing the loop on those shortly.

Mr. Blake Desjarlais: In terms of your own understanding.... You're the chairperson of the CRTC, which is a valued institution and an important institution. Accuracy and responsiveness are important to the conduct of the CRTC. When can members of this committee expect all the applications that currently have no responses and that were identified by the Auditor General will get a response? Will it be in a week or in two weeks? When?

Ms. Vicky Eatrides: I will take that away, but we will endeavour to do that very quickly. As I said earlier, we are expediting our processes, so we have been fixing processes internally. We've cut down our time to review by 40%.

Mr. Blake Desjarlais: I'm just nervous that an audit could come back in a few years' time and this issue will have persisted. If it persists, then we are left with a defunct and broken system.

Will you commit to responding to every one of them?

Ms. Vicky Eatrides: I will commit that we will be getting back to every one of them—absolutely, yes.

The Chair: Thank you very much. That is the time.

Mr. Mazier, you have the floor again for five minutes.

Mr. Dan Mazier: Thank you, Chair.

Mr. Kennedy, I want to circle back to follow up on what Mr. Stewart was talking about with regard to the lack of connectivity and the expectations from this government.

If I heard you right, you actually believe that our connectivity is not that bad in rural Canada.

Mr. Simon Kennedy: At the risk of repeating myself for the third or fourth time, we agree that the connectivity in rural Canada and in Indigenous communities is an issue and that we need to be focused on it—

Mr. Dan Mazier: It's an issue-

Mr. Simon Kennedy: We are very focused on it-

Mr. Dan Mazier: —but it's not that bad. It's such a nonchalant kind of reply.

Mr. Simon Kennedy: No, Mr. Chair, I think it's that the honourable member doesn't want to listen to the facts. I have been very clear multiple times—

Mr. Jake Stewart: I have a point of order.

Ms. Iqra Khalid: I have a point of order, Chair.

The Chair: Hold on. These need to be points of order.

I will first go to you, Mr. Stewart. I'm pointing to you first.

Mr. Jake Stewart: Thank you, Mr. Chair.

My honourable colleague here has the floor at this committee—

The Chair: Yes, he does.

Mr. Jake Stewart: —to ask important questions on behalf of Canadians. The bureaucracy, and anyone else coming in to this committee, needs to answer questions. They don't get to talk to us like that.

The Chair: Fair enough. That's not quite a point of order, but that is my opinion as well, generally.

I do want to hear from Ms. Khalid as well, please.

You have the floor for a point of order.

Ms. Iqra Khalid: Thanks, Chair.

I would anticipate and expect, when we invite witnesses to come before our committee to answer our questions, that we treat them with respect, that we allow them the opportunity to answer the questions they need to answer and that we don't badger them.

I have full respect for that member, for his constituency and for the Canadians for whom he speaks just as much as I have respect for the amazing work that our bureaucrats do. I would like to hear the answers they have to the questions that this member has posed.

The Chair: As would I. I find myself agreeing with both members on their interventions. They're not quite points of order.

This, of course, is an issue that affects all of us and our constituents. These are not just academic questions that we're looking at.

The member's time is the member's time. I prefer they not cut off witnesses and allow witnesses to answer. Having said that, if they find that witnesses are being less than forthcoming, they are welcome to push back but to do so respectfully.

Mr. Mazier, I'm going to turn it back to you. You have the floor for about four minutes and 20 seconds now.

Mr. Dan Mazier: Thank you, Chair.

Thank you for the interventions.

I guess what I was trying to get at, Mr. Kennedy, is that there are people literally dying on highways that are not connected. I was up in the Yukon, and I heard stories about predators staying in the areas where they knew there was no cellphone coverage. There was nothing there. There was a young woman being preyed on at that time. We heard that over and over again when I was up in the Yukon.

It goes on in various areas. That is why there is a certain level of urgency. That's why it's so important that the department and this government understand the urgency of this. That's all I'm trying to get at.

I will go on with my next question.

Mr. Kennedy, the Auditor General mentioned spectrum deployment requirements in her report. Deployment requirements determine how many people living in a specific area must be covered by a spectrum licence within a period of time. Is that correct?

• (1235)

Mr. Simon Kennedy: Yes.

Mr. Dan Mazier: I have a report here, a graph. It shows here that Victoria, B.C., is going to be 50% connected in 10 years whereas as Gander and Grand Falls-Windsor in Newfoundland are going to be 10% connected in 10 years. There's the divide.

Why has the government signed off on significantly slower deployment requirements for rural regions over urban regions in their upcoming spectrum auction?

Mr. Simon Kennedy: My suggestion would be to come back with a detailed response in writing, just because I am a bit worried about eating up too much of the time.

What I will say very briefly is that we have had progressively stricter spectrum deployment conditions in each auction. There are many different spectrum licences that have been auctioned at different times and in different places. The conditions we have now are quite aggressive.

I'm happy to come back with a more detailed accounting of that.

Mr. Dan Mazier: Has this been updated?

Mr. Simon Kennedy: I'm not sure. I apologize.

Mr. Dan Mazier: It's 10 years and 10% of the population. If you can provide any updates on this....

Mr. Simon Kennedy: I would be very happy to come back. As I say, I think we have a very aggressive "use it or lose it" policy.

The Chair: Thank you very much. We appreciate that.

Mr. Mazier, we'll go back to you.

Mr. Dan Mazier: Ms. Eatrides, the CRTC originally estimated that it would take 10 months to make an initial funding decision through their broadband fund.

How many applications were initially approved within these 10 months?

Ms. Vicky Eatrides: Again, we can come back with detailed numbers on this.

What I would say is that, for call one, it took us 10 and a half months from the close of the call to when we made our decisions. We are speeding things up. We are triaging. We are collaborating closely with partners. We are acting more quickly. Now we are down to six months. It's continuous improvement. We will continue to do better, and the numbers are getting better.

Mr. Dan Mazier: If that could be reported back to the committee, that would be much appreciated as well.

Do I still have time?

The Chair: Yes, you do. You have over a minute.

Mr. Dan Mazier: Mr. Kennedy, the government's universal broadband fund included funding for mobile Internet projects. Is this correct?

Mr. Simon Kennedy: Yes, it is. It's \$50 million.

Mr. Dan Mazier: How many projects specifically for mobile connectivity have been completed?

Mr. Simon Kennedy: I'll turn to my colleague Mr. Dagenais.

Mr. Éric Dagenais: I'd have to get back—

Mr. Dan Mazier: This is under the \$3.2-billion universal broadband fund.

Mr. Éric Dagenais: Yes, I would have to get back to you. I know the funding has been allocated. I'd have to get back to the committee in terms of the completion. I know, for instance, that one project in British Columbia, the Highway of Tears, was funded in collaboration with the provincial government and one of the ISPs to provide cell service to Highway 16 in British Columbia.

Mr. Dan Mazier: So there's one.

Mr. Éric Dagenais: No, there are more. There are definitely more. I think we can get back to you in writing. The funding has been allocated.

The Chair: You have 25 seconds, Mr. Mazier.

Mr. Dan Mazier: Ms. Eatrides, on the universal broadband fund website, the government states that the CRTC's \$750-million broadband fund supports mobile Internet projects.

How many cellular projects have been completed through the CRTC's broadband fund?

Ms. Vicky Eatrides: I will endeavour to get back to you with that information as well.

Thank you.

Mr. Dan Mazier: Thank you, Chair.

The Chair: Ms. Yip, you have the floor for five minutes now.

Ms. Jean Yip: Thank you, Chair.

Coming from Toronto, I was so pleased to hear that our subway systems will now have connectivity. I think that although we are—

The Chair: Is that a point of order?

Ms. Iqra Khalid: Yes, sir.

I would endeavour to encourage my colleagues to be respectful. We obviously listened to what they had to say. I would encourage them to listen to what members on all sides have to say as well.

The Chair: That's fair enough.

I recognize that in a committee there will be some murmuring, but I would urge members to keep it at a tone so that other members or witnesses are not distracted.

Ms. Yip, you have the floor again for four minutes and 40 seconds.

• (1240)

Ms. Jean Yip: Thank you.

I was just saying how pleased I was to have connectivity in the subway, but it's like "finally" we are having connectivity.

I note that a rapid response stream was launched in response to the urgency highlighted by the COVID-19 pandemic, but as the report noted, it needed extensions. How successful was the stream and why were the extensions needed?

Mr. Simon Kennedy: The extensions were primarily required because of the huge volume of applications we received. It was an order of magnitude more than originally anticipated. The thinking had been that the number of shovel-ready projects that would be available to move ahead immediately were fewer than what we actually received in the end.

I can maybe turn to Mr. Dagenais to speak specifically to his views on the....

Mr. Éric Dagenais: The Internet service providers who won awards under the rapid response, in many cases, asked us for extensions because they were facing supply chain constraints. They were facing labour shortage issues. They were struggling to get things done during the pandemic, so they asked for an extension. There are a number of provincial initiatives where the same thing happened as well.

COVID was a particularly challenging time to be building out infrastructure. Now the extension was given and the projects are largely completed at this point for the rapid response stream, so they're connecting households.

Ms. Jean Yip: Are there any more projects under the rapid response stream?

Mr. Éric Dagenais: We're not selecting any more rapid response stream projects. An amount of funding was set aside for the rapid response and it has been allocated.

At this point, we're working on the 426 projects that have been awarded under the universal broadband fund.

Ms. Jean Yip: My next question is for Ms. Hogan.

I was looking at the report's "At a Glance", and I noticed that there wasn't any data for Nunavut. Could you tell me why?

Ms. Karen Hogan: That would be a question really best turned over to the departments. There was no data available for the territory; hence we could not audit or report on it.

Ms. Jean Yip: Would Mr. Kennedy or Mr. Dagenais like to answer that, in reference to Nunavut?

Mr. Éric Dagenais: If it's in reference to the number of citizens who have access to 50/10, the answer is that no residents of Nunavut at the moment have access to 50/10.... I'm sorry. They have access to Starlink as of last December, so they're are Starlink....

In terms of wireline connectivity that offers 50/10 service to households, that doesn't happen in Nunavut. That may be why no data was given. We have received applications. We've funded some projects. Projects are being worked on to remedy that situation.

Ms. Jean Yip: Is Starlink a satellite service?

Mr. Éric Dagenais: Yes. Starlink is a low-earth orbit satellite constellation that was launched a few years ago. As of late last year, it began offering a polar orbit and service was available north of 60 in Canada. Prior to that, it had been available to households south of 60, and then it became progressively available as more satellites were launched. As of last December, it became available. From the latest numbers I've seen, it offers speeds of upwards of 100 megabits per second.

You buy a dish, set it up in your backyard and you get access to high-speed Internet via low-earth orbit satellite. The difference between this and regular satellite is that these are much closer to earth. They are a thousand kilometres in the sky as opposed to 36,000, so there is low latency. The signal between your dish, the Internet and the satellite is much faster. That has an impact on the applications when you are using the Internet.

Ms. Jean Yip: Could this not be used in more remote areas?

Mr. Éric Dagenais: Yes, we've funded applications under the universal broadband fund that requested support to use Starlink dishes. A number of provincial governments...and Quebec is probably the leading example. It has worked quite closely with Starlink in order to reserve capacity for households that don't have a wireline service.

The Chair: Thank you very much. That is the time, Ms. Yip.

We started a few minutes late. I'm going to truncate the next round so we can get through a full round. Government and official opposition members will have three minutes each, and the other two opposition parties will have 90 seconds each.

To give people a heads-up, I have a few questions from the analysts that they would like to have put to the witnesses, and I will have a question as well.

We'll turn now to Mr. Nater. You have the floor for three minutes.

(1245)

Mr. John Nater (Perth—Wellington, CPC): Thank you, Mr. Chair.

It was great to hear that the Toronto subway will be getting coverage. I would point out that in rural Perth—Wellington our first responders sometimes don't have cell coverage, which is a really dangerous issue. I know we're not talking about cell coverage, but I would point out that I've been waiting for months for a meeting with Bell Canada to meet with stakeholders and municipal officials in my riding. If anybody from Ma Bell is listening, we're still waiting for that meeting. We're in the phonebook. Give us a call.

Mr. Kennedy, I want to follow up with you on questions earlier about Telesat.

An October 12, 2021, press release from Industry Canada stated that "Telesat Lightspeed will enable broadband Internet and LTE and 5G connectivity in Canada starting in 2024, ultimately connecting approximately 40,000 households".

How many of those households will be connected in the year 2024?

Mr. Simon Kennedy: I'd have to go back and get the latest plans from Telesat, but the project has been delayed for a number of reasons. The company has been advancing the project, but it is not scheduled to be in service by 2024. The date has been pushed back. We would not anticipate having any households connected by the Telesat constellation at that date.

Mr. John Nater: To that end, will you still be contributing \$1.44 billion whenever that does come into existence?

Mr. Simon Kennedy: I think the government has been clear that it has been prepared to make an investment in the Telesat constellation if and when that project proceeds. There have been changes over the last couple of years. The committee may wish to talk to Telesat to get the latest details, but we're very hopeful that Telesat, a proud Canadian company that's been a leader in the telecommunications satellite business, will be successful with their LEO project. We would be hopeful to buy capacity and participate in that project if and when it launches.

Mr. John Nater: With the greatest respect, according to an August of this year press release, they're looking at potential launches in mid-2026. Is that not just too late? Have we not missed the boat with Telesat when you have project Kuiper through Amazon, through Starlink?

Has Telesat missed their window of opportunity here?

Mr. Simon Kennedy: I think that may be a question best directed to Telesat.

What I would say is that there are a number of these LEO constellations that are being planned or have already been launched. It's a business decision from Telesat, but in our discussions with them, they believe there are market segments—

Mr. John Nater: I want to interrupt because I have a small amount of time.

It is a business decision, but it's also a business decision for the Government of Canada, which is purchasing a \$650-million equity stake with that investment. It is a business decision, but I'll leave that there because I'm running out of time.

Mr. Kennedy, could you come back to us with some numbers? You mentioned that 71% of rural or remote Canada would be connected to high-speed Internet by the end of this calendar year. Can you break that down for us by province and, within Ontario, by county?

The Chair: I know, Mr. Nater, you have another tour, and we're at time. You ran over your question a little bit.

I'm going to come back to you for an answer on that, Mr, Kennedy, if you can just hold that for now.

First, I'm going to Ms. Bradford. You have the floor for three minutes, please.

Ms. Valerie Bradford: Thank you, Mr. Chair.

I want to turn now to the issue of affordability and how it's measured

Mr. Kennedy, the OAG report says that affordability is not fully measured by ISED when approving connectivity projects. One of the approval criteria for a universal broadband project is affordability.

Can you go into more detail about how ISED assesses a project's affordability for the consumer before approving a project?

Mr. Simon Kennedy: Thank you for the question.

I would confirm that affordability is the top concern for us in all of our work on telecom, including the universal broadband fund. I'd be happy to elaborate in more detail.

When project proponents come forward, we are very interested to know what prices they are going to charge, whether those prices are appropriate and whether they're comparable to prices you might find in the market. We don't want to have people, for example, in rural areas paying prices that are far higher than what would be considered reasonable, or that are out of step with prices in other similar markets and so on. We require, as part of the contracts we sign with companies, that they tell us what the pricing will be. That's a key consideration for us in terms of whether we proceed with the project. The key consideration for us is to make sure the price is affordable, appropriate and comparable to market prices in Canada.

The particular concern we've been discussing with the Auditor General is around the role of income.

(1250)

Ms. Valerie Bradford: Exactly. That's the important piece of the puzzle that I feel is missing right now.

Mr. Simon Kennedy: Yes. We have agreed with the Auditor General's recommendation to take that into greater account. We are working on that now.

What I will say is that it has not historically been the case—not just for Canada but also for advanced, industrial economies in the OECD that make these kinds of broadband investments—to have income in the local community be the primary criterion. There are a lot of technical reasons why that might be challenging.

We agree that income, obviously, is an important part of affordability. It's something we want to look at and figure out how best to take into account.

Ms. Valerie Bradford: Yes, I would argue that, versus some communities that are much smaller.... South Korea has come up. Canada is a huge country with a wide discrepancy of income in the indigenous and rural communities. Their income is not the same as that of somebody working on Bay Street in Toronto. Something that is fairly priced in the market in Toronto is not going to be affordable for people in some of our more remote communities, yet it's more expensive for the companies to provide the service in these remote communities. It's a bit of a catch-22.

Mr. Simon Kennedy: What I would say to that is that we agree income is an important consideration. It's just that, in the way in which we roll out a major project in a given rural area, a criterion for figuring out the price wouldn't be to say, "Well, the income in that catchment area is x and, therefore, we want the price to be lower."

Typically, in the programs we have.... For example, if we're concerned about accessibility for people on low incomes, there is a program called the connecting families initiative, which provides broadband Internet access for a very low price. It's \$20 a month and available for people with lower incomes. There are other channels, if you like, that we use to deal with that issue.

We have not, at least to date, used income in a community as the principal driver of figuring out what the reasonable price should be.

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

[Translation]

Ms. Sinclair-Desgagné, you have the floor for a minute and a half.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

In this minute and a half, I'd like to get a few answers from you, Ms. Eatrides.

What have you done concretely in the last eight months, since Minister Champagne gave you the mandate to increase competition in telecommunications in Canada?

Ms. Vicky Eatrides: I'll respond briefly, then turn the floor over to my colleague.

As I mentioned earlier, we've restarted our review of Internet services because, obviously, it's not working: we don't have the competition we wanted.

Also, on cellular services, we've created regulations so that smaller companies can also compete with larger ones in the markets

Ms. Nathalie Sinclair-Desgagné: Could you provide us with documentation that would tell us, for example, what your plan is, what your timeline is, whether you're going to do a task force or impose sanctions? It would be very interesting for us to know concretely what is going to be done.

As you said, on the competition front, we're among the dunces of the OECD, so it would be really nice if we could do more.

Ms. Vicky Eatrides: Absolutely, yes.

Ms. Nathalie Sinclair-Desgagné: Do you have anything else to add, Mr. Hutton?

Mr. Scott Hutton (Chief of Consumer, Research and Communications, Canadian Radio-television and Telecommunications Commission): We've launched two major projects.

First of all, we've put a lot of emphasis on our new cellular plan to make sure there's more competition. It's a model based on negotiations and exchanges, as well as network usage. It's something completely new, something we haven't done before in cellular services. Naturally, this is already having an impact on cellular service prices, which are now increasingly reasonable. We want to make sure that this progress continues to improve our position, as you say, by international comparison.

The other major project concerns wireline service to the home. We have already put in place preliminary measures, such as a reduction in the price that competitors pay.

We've also given an important indication about fibre optic access. We'll be looking at this very soon and making decisions. Again, the old plan didn't include fibre optics. Now, Canadians are turning to this technology, and that's where there will be an impact on the market.

• (1255)

The Chair: Thank you very much.

[English]

Mr. Desjarlais, you have the floor for 90 seconds.

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

Thank you to the witnesses for being with us today.

It's often that I find myself in this committee present with two important facts. One is an audit that has very clearly demonstrated that there is a discrepancy between the kinds of outcomes that Canadians in urban centres often have in comparison with indigenous folks. These are massive. On this committee over the last two years, I've heard about clean water, missing and murdered indigenous persons, housing injustice and, today, the Internet. These are all reinforcing what I think the Auditor General must also see clearly, that there is a massive divide. There is a serious issue, a systemic issue, of how Canada has, for the better part of its history and it continues today, disenfranchised indigenous people from a type of justice.

With all due respect to the witnesses, the answers we've received today are very similar. To a question in my first round, I heard that 42.9% of first nations have access. Rather than hear an admittance that this is a massive failure and a red flag and a very serious discriminatory number, we heard heard that 12% was good enough. I beg to argue that we need to do far more. We need to change our perspective on these kinds of issues of equality.

To the Auditor General, what do you feel needs to be done? We're seeing a very dangerous trend. These divides are continuing—the digital divide, the urban-rural divide and the indigenous and non-indigenous divide.

Can you comment on that?

The Chair: I'm afraid Ms. Hogan cannot comment on that, Mr. Desjarlais. I hope perhaps another member might grant some time for Ms. Hogan to respond to that, but I need to keep things on track. You did run over your time.

I apologize about that. That was a good question, but it will have to wait.

Mr. Blake Desjarlais: Maybe John can ask it.

The Chair: Mr. Nater, you have the floor for three minutes, please.

Mr. John Nater: Thank you, Chair.

I'm happy to provide the Auditor General with 30 seconds or so to respond to Mr. Desjarlais' question.

Ms. Karen Hogan: Thank you very much.

When you look at how six out of 10 households in first nation communities don't have access to Internet, I don't think any of us appreciate what that really means. We take it for granted. It is a big deal.

As for what I think needs to be done, there are so many reports we look at that see differential treatment for indigenous communities. I think there's true spirit in trying to do something different in the spirit of reconciliation and not just trying to apply the same approach and hoping for a different outcome. I would like to see the federal government do something really transformative in how it approaches discussions and engagement on all of these files when they touch indigenous communities.

Mr. John Nater: Thank you very much.

Mr. Kennedy, my question earlier was about providing more granularity and more specificity for connections by the end of this

year. Can you provide that by province, and within Ontario by county?

Mr. Simon Kennedy: We'd be happy to come back. I think we can provide it by province. I'll have to look at counties, but we definitely have more granular statistics. We'd be very happy to come back and try to provide as much as we can.

Mr. John Nater: I would request that by county, sir, because rural Perth County is much different from other regions of this province. I think it's incumbent on you to provide that breakdown so that we can see a picture within our province and within the whole province, frankly.

Mr. Kennedy, the connect to innovate program provided zero project funding for southwestern Ontario, despite southwestern Ontario having about 10% of the underserved Internet population in the country. Why did connect to innovate provide zero dollars in funding to southwestern Ontario?

Mr. Simon Kennedy: I'll have to come back. I apologize. I am a little less familiar with the intricacies of that program, but I'm happy to come back and provide an answer.

It was a different sort of program. To the honourable member's question, it was providing funding for backbone Internet, like the large pipes. It wasn't actually connecting individual households. That may account for the way the money was spent, but we'd be very happy to provide a more comprehensive answer.

The Chair: You have 40 seconds, Mr. Nater.

Mr. John Nater: To that I would say that you can't really connect individual households if you don't have that backbone. Frankly, in 2023 the fact is that rural Ontario and rural Canada are still lacking. You admit the fact, and I accept it, that 71% isn't good enough, frankly. The fact is that, by the end of 2023, we will still be at only 71% of rural Canada. As Mr. Desjarlais mentioned, it is even lower for indigenous communities, which is completely unacceptable, despite the billions being spent. We can highlight the billions upon billions that are spent, but if we don't have actual results, then I think it's highly unfortunate.

I'll leave it there. Thank you, Chair.

• (1300)

The Chair: Thank you, Mr. Nater.

Mrs. Shanahan, you have three minutes, please.

Mrs. Brenda Shanahan: Thank you, Chair.

First of all, I'd like to thank the witnesses for being here. I think we have explored quite a few of the gaps and areas for future improvement in this program. I'm glad to hear from colleagues on both sides the agreement that this is very important. Indeed, continued investment needs to happen. Continued collaboration needs to happen for us to reach our goal of 100% across the board.

However, you did allude, Mr. Kennedy and other witnesses, to the bottlenecks and supply chain challenges. Over the past few years, of course, we've been seeing severe weather events related to climate change, with forest fires in B.C. and hurricanes in the Atlantic. These events also must have had impacts on broadband projects.

Can you tell us approximately what percentage of projects have experienced delays due to climate-related events and what's being done to mitigate those delays?

Mr. Simon Kennedy: There have been some projects that have experienced delays. I'll have to come back with maybe a more precise answer. Again, maybe just to emphasize what I'd said before. At least to date, it is not our judgment that those kinds of delays are going to result in the targets that have been laid out by the government not being hit. We're quite confident that, notwithstanding some of the delays, we're on track to actually hit the connectivity targets that we noted previously.

Mrs. Brenda Shanahan: Thank you. That's very good to hear.

Maybe you can speak to the flexibility of the UBF in dealing with these kinds of obstacles. Again, I guess I'm looking for that collaboration that we need to have from all levels of government, as well as the public and private sectors.

Mr. Simon Kennedy: A lot of these projects are major infrastructure projects. They have to go through a measure of due diligence before we would recommend the government put significant tax dollars into them.

However, there are various mechanisms built into the way in which the program operates that are designed to try to move things along. For example, when you get the provisional approval—like, your project looks good—we still have to get the final detailed contracts signed. We need to see all the engineering diagrams, that sort of thing, but when you get provisional approval, you then have the right to actually get going, and you're typically able to spend up to 30% of the value of the project and get reimbursed.

Is it 30%?

Mr. Éric Dagenais: Yes, it was increased.

Mrs. Brenda Shanahan: The provisional approval comes from whom?

Mr. Simon Kennedy: It comes from the department. Once the government has looked at your project and says that it looks like it's pretty good, you have to negotiate a detailed contract, a legally binding contract. Once you get the provisional approval, you have enough confidence to get going and spend up to 30% of the cost of the project, knowing that, when the final contract is signed, we will honour that. It's the ability to kind of get going before you get the final contract in place.

In the case of the rapid response stream, you can actually spend up to 100% of your allocation. If you were given provisional approval that the project is good, then, provided you are willing to maybe take on some risk, you could actually get going, knowing that once the contract is signed, even if the project at that point were complete, the government would reimburse you.

It's not a perfect solution, but it's an example of efforts to try to make sure that, frankly, the kind of adjudication that's needed sometimes with these very complicated projects doesn't necessarily slow down the ability to get going and start putting shovels in the ground.

The Chair: Thank you very much.

I just have a few questions, and I'll endeavour to get you out of here as quickly as possible.

Mr. Kennedy, you've married a Maritimer, so you'll know that we can bristle when success is pointed at central Canada. We should perhaps just ape them, but it's not always feasible. I am curious to get your thoughts as to why New Brunswick and Nova Scotia don't have agreements with your department. Both provinces have shovel-in-the-ground projects, but they also really embrace the Starlink network.

Has that been an issue? Is your department reluctant to go the Starlink route? Has that been part of the problem? What do you think is holding up this agreement with my province, as well as the province of Mr. Blois, who's not here today, Nova Scotia?

Mr. Simon Kennedy: I'll turn to Mr. Dagenais who's been involved directly in the conversations.

The Chair: Please, yes.

Mr. Éric Dagenais: We don't have any issue working with provinces who work with Starlink. In fact, Quebec is probably the province that has the most citizens on Starlink—government-funded. They were the first ones we worked with. That's not an issue.

At this point—and this is me speculating of course, which may be dangerous—we have plans to connect 100% of Nova Scotians and New Brunswickers. If the plans are there, and if the project's chosen and funded, perhaps the need to come to the table has passed because we have said that we're going to fund 100%. Whether we have an agreement with you or not, we're funding 100%. We want to connect everyone.

• (1305)

The Chair: Thank you. I appreciate that. It is encouraging.

I will reiterate, though, a point that Mr. Stewart made, which is something I hear all the time. We can see the end of the line from the household and, for some reason, we're just not getting that breakthrough.

I recognize that rural Canada is hard, but it's an ongoing frustration for lawmakers. That is, I think, why you're hearing some of that frustration today. I appreciate your response to that and being aware of it.

I have two quick questions from our analysts as well.

The first is for the CRTC, please. Since the—

Ms. Iqra Khalid: I'm sorry, Chair. I have another meeting and—

The Chair: You're welcome to walk away. There are no votes, and I've lost a member here. This is for the analysts.

You can call for a vote, but I'll be very quick otherwise.

The Chair: Since the government's order issuing a direction to the commission for a renewed approach to telecommunications policy, including improved measurement practices, what changes has the commission implemented to address that?

Mr. Kelly McCauley (Edmonton West, CPC): We won't do anything, if you want to....

Ms. Vicky Eatrides: Thank you very much for the question, Chair.

In February, as I said, the government issued a policy direction for a renewed approach to telecommunications policy. You will see, if you look at that direction—which is relatively short; its about 1,400 words or the length of a short essay—there are references to affordability and competition over two dozen times. It was very clear to us that, through our decisions, we need to focus on enhancing competition and promoting affordability.

Immediately, we looked at renewing our approach to Internet competition. We know the current framework that we have is not working. We know small providers have been dying off. They have had "for sale" signs over the past couple of years, so we know it's happened. We've renewed our approach and we launched a proceeding. There's more to come on that.

At the same time, on cellphone services, as you've seen with respect to MVNOs, mobile virtual network operators, we have mandated that the smaller competitors have access to the larger providers' infrastructure to be able to compete and offer cellphone services across the country. They have seven years to build their own infrastructure, which is that balance in the investment and the competition.

Immediately, we took action. We reduced rates, as my colleague said, by 10% immediately on some wholesale rates. There's been a lot of action, and there's more to come very soon.

The Chair: Thank you very much. I might come back to you, but that sounded like a good answer. I'm going to check as I ask the industry department a question.

What progress can you report since the updates to the licensing and fee framework for earth stations and space stations in Canada were implemented in 2022?

Mr. Éric Dagenais: I think they came into force in April 2023.

We're going to work with industry, but this is following a proper consultation with industry. Industry had its chance to opine. Overall, we reduced the fees and they just came into force. We will be following up with industry to see what the impact has been on their operations.

The Chair: Would you be able to provide any kind of short-term updates on that for the committee to consider?

Mr. Éric Dagenais: It came into force on October—four days ago—and the other ones came into force in April.

The Chair: If there are any for April, we would be pleased to receive them, and I'll leave it at that.

Thank you all very much.

Members, I appreciate your time here today. We went slightly over the limit, but this is an important issue for members. It's important to hear from officials.

Thank you.

With that, I will adjourn the meeting.

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