

August 5, 2016

Submission to the House of Commons Standing Committee on Finance
2017 Pre-Budget Consultations

Introduction

Xplornet is pleased to participate in the House of Commons Standing Committee on Finance's 2017 Pre-Budget Consultations, and would welcome the opportunity to appear before the Committee this fall.

Xplornet was founded over 10 years ago with a simple mission: to make affordable, robust broadband available to every rural Canadian. Today, we are Canada's leading rural broadband service provider, serving well over 300,000 rural homes and businesses. We have grown with our customers, by continuing to offer faster speeds and reliable internet service, at prices comparable to what Canadians pay in our largest cities.

Xplornet's History of Innovation

Xplornet applauds the Government of Canada's efforts to advance an agenda of innovation across all sectors of Canada's economy. As a company, we are extremely proud of our own efforts to advance innovation and technology to deliver reliable, high-speed internet to rural Canadians. As a company, our history of innovation includes:

- deploying Canada's first truly national 4G network, leveraging both fixed-wireless towers on the ground and next-generation satellites in space;
- being the first company in North America and only the second in the world to test LTE in the 3500 GHz band for fixed wireless internet deployment;
- by Canada's 150th birthday next year, providing rural Canadians, regardless of where they live, with internet speeds of at least 25 megabits per second; and
- taking the steps necessary to be the first Canadian company capable of delivering internet speeds of up to 100 megabits per second by 2020 everywhere in Canada.

Given this history, Xplornet shares the government's goal of ensuring all Canadians have access to a world-class communications system that promotes innovation and enriches their lives. In recent months Xplornet has been pleased to consult with Members of Parliament of all political stripes on the best way to leverage the Government's existing investment in rural broadband. It is against this backdrop Xplornet has prepared this submission to the House of Commons Standing Committee on Finance with a particular focus on:

- ✓ improving connectivity for residents of the North, Indigenous and First Nations peoples to improve living standards and capitalize on opportunities for participation in the digital economy;
- ✓ increasing digital adoption by implementing solutions to improve digital literacy;
- ✓ maximizing the effectiveness of the Government's investment in rural broadband; and
- ✓ levelling the playing field by ensuring rural communities have the access to the wireless spectrum necessary to continue to innovate and improve service in rural Canada.

Enhancing Connectivity for Residents of the North, Indigenous and First Nations Peoples

The economic and societal benefits of the internet are beyond debate. A reliable internet connection is crucial to a community's economic and social development, breaking down the barriers of Canada's geography and the realities of inhabiting the world's second largest land mass.

Broadband connectivity plays a crucial role in the economic development of remote communities, and opens essential doors in respect of health care, and the growth of small businesses and enterprise.

Increasing digital adoption is especially important for Indigenous and First Nations peoples. As Canada's fastest-growing demographic, ensuring adoption and improving connectivity, both on and off reserve, will be crucial to spur inclusive, economic growth in these communities.

Government agencies such as the CRTC have identified a number of communities in the North that are "underserved" – where improvements may be necessary to fully bring these communities into Canada's digital economy. Advances in innovation and technology will meet these challenges in the coming years. For its part, by the summer of 2017 Xplornet intends to offer a 25 megabit per second service across most Canada, including communities in the North.

However, with the competing demands for bandwidth capacity across the country, it will continue to be a challenge for 'last-mile' Internet Service Providers to meet the demands of remote Northern communities and ensure Canadians have access to the same digital opportunities, wherever they live.

Recommendation 1: Xplornet recommends that as part of the next phase of the Connecting Canadians program, Innovation, Science and Economic Development Canada (ISED) provide dedicated funding toward addressing the unique challenges of remote northern communities, including the territories of Nunavut and Nunavik.

Improving Digital Adoption

Current data shows that we now live in an age where 99% of Canadian households have access to the internet, while only 82% of households have chosen to connect to it.¹ The result is over 6 million Canadians -- roughly equal to the population of the Greater Toronto Area -- do not participate in the digital world in a meaningful way.

While Canada has made significant progress over the past decade in the percentage of households that have access to the Internet, adoption is not growing as quickly as availability of service. Research suggests this is largely a result of disinterest, or apathy, toward the use of digital technology. Typically, those Canadians who choose not to connect are older, less affluent, and less educated. Evidence also suggests that two-thirds of Canadians who reject the digital world cited a lack of relevance or a lack of skills as the reason why they do not connect to the Internet, while for one-third, it is a matter of affordability.²

While the Government currently has some effective tools to promote adoption (such as the Computers for Schools program),³ we believe more can be done to digitally empower one-sixth of our population.

¹ Canadian Radio-television and Communications Commission (CRTC), *Communications Monitoring Report 2015*.

² Ipsos Reid, 2015. <https://cira.ca/sites/default/files/ipsoscipresearch-data.pdf>.

³ Innovation, Science, and Economic Development Canada, <https://www.ic.gc.ca/eic/site/cfs-ope.nsf/eng/home>.

For seniors, local initiatives that promote active and healthy living can and should be expanded to introduce digital literacy to seniors' in their homes, or at community centers across Canada. Other initiatives could provide the necessary skills training, while programs that make the internet more accessible should be expanded, with consideration also be given to the use of targeted incentives to offset equipment and connectivity costs.

There is currently a digital divide in Canada separating those who are connected from those who are not. In an age of near universal connectivity, we urge the Committee to review ways to encourage all Canadians to meaningfully participate in the digital economy.

Recommendation 2: Xplornet recommends that the Government of Canada work with industry on solutions to ensure more Canadians choose to connect to the Internet, including the examination of providing targeted incentives for skills training and equipment where need is greatest.

Maximizing Canada's Investment in Rural Broadband

Xplornet was pleased to support the Government's increased investment in rural broadband, including Budget 2016's significant new investment to extend and enhance broadband service in rural and remote communities.

In recent months Xplornet has been pleased to consult with Members of Parliament from all parties on the most effective way to leverage this investment. What we heard was that while great progress has been made to improve service in rural areas, much work still can be done to meet the capacity demands of consumers. Based on that feedback, we believe that in an age of near-universal, 99% connectivity, the best use of this funding is in support of backhaul, or 'backbone' infrastructure which can be publicly accessed to improve internet speed and reliability in rural Canada.

Recommendation 3: Xplornet recommends that the next phase of the Government of Canada's *Connecting Canadians* program prioritize investment in backhaul, or 'backbone' infrastructure which can be publicly accessed in order to improve "last-mile" connectivity utilizing the "best-fit" technology for that region of Canada.

A Balanced Spectrum Management Policy

Wireless spectrum is the oxygen that breathes life into Canadians' wireless and mobile technology. Though rural Canadians have the same needs as urban Canadians, recent spectrum auctions conducted by the Government of Canada have favoured the mobile needs "higher density" areas in urban Canada over rural Canada. These policies have created a scarcity of useable spectrum for rural homes and businesses.

This challenge is particularly apparent in rural communities such as Uxbridge, Ontario, where existing Government policy regarding the allocation of spectrum incorporates this rural township as part of Toronto, Canada's largest city.

Canadians want more: higher data plans at affordable prices, and it is up companies like Xplornet to meet the changing expectations of our customers. However, in order to do so, we encourage the Government

to ensure enough spectrum capacity to ensure companies like Xplornet can continue to innovate and deliver the services our customers expect – in all regions of Canada.

Xplornet looks forward to working with the Government of Canada on upcoming spectrum allocation issues in order to balance the availability of this precious asset across all regions of Canada.

Recommendation 4: Xplornet recommends that the Department of Innovation, Science and Economic Development examine policies to improve the allocation of spectrum and take into account Canada’s regional realities. This should begin with upcoming consultations related to the 3500 and 600 GHz spectrum bands, in order to maximize spectrum access for the benefit of all Canadians.

Conclusion

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

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