HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Industry, Science and Technology

EVIDENCE

Tuesday, March 26, 2013

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Chair

Mr. David Sweet

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● (1530)

[*English*]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): Good afternoon, ladies and gentlemen. *Bonjour à tous.*

Welcome to the 62nd meeting of the Standing Committee on Industry, Science and Technology. We are continuing with our study of broadband and Internet access.

I understand, Mr. Braid, you have a brief bit of committee business.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Yes. Thank you, Mr. Chair.

To allow us to continue this important study, I want to very quickly move this motion:

> That, in relation to the study of Broadband and Internet access across Canada, the proposed budget in the amount of $3,900.00 be adopted.

The Chair: It is seconded by Mr. Thibeault.

(Motion agreed to)

The Chair: Thank you very much, ladies and gentlemen.

Now I'll get on to introducing the witnesses.

Yes, Madame LeBlanc?

Ms. Hélène LeBlanc (LaSalle—Émard, NDP): Since we are going to be interrupted by a call for vote, would it be possible for our presenter to have a seven-minute presentation, giving us more time for the questions and answers?

The Chair: Actually, all of them have come prepared with a five-minute presentation.

Ms. Hélène LeBlanc: Oh, so it's five minutes.

The Chair: Yes.

Ms. Hélène LeBlanc: That's easy, then. We have good negotiations. We appreciate that.

The Chair: I'm glad. This is a very harmonious committee, as you can see.

Ms. Hélène LeBlanc: Thank you very much.

The Chair: I'll introduce the witnesses.

From the Canadian Wireless Telecommunications Association, we have Bernard Lord, the president and chief executive officer. With him is Devon Jacobs, senior director of government affairs.

From Xplornet Communications Inc., we welcome Allison Lenehan, president, and C.J. Prudham, executive vice-president and general counsel.

From Communitech, we have Avvey Peters, vice-president, external relations.

And ladies and gentlemen, all the way from Melbourne, Australia, we have Catherine Middleton. I know it says she's a professor at Ryerson University, but she's not local; she's actually in Melbourne, Australia, and I think fifteen hours ahead of us. We want to first say thank you very much for getting up profoundly early.

Colleagues, it's always easy to forget the TV screen, but particularly because of Ms. Middleton's Herculean effort to be with us, please remember that we have this witness before us.

I'll begin with Mr. Lord, who will have the opening remarks for the Canadian Wireless Telecommunications Association.

Please proceed, sir.

Mr. Bernard Lord (President and Chief Executive Officer, Canadian Wireless Telecommunications Association): Thank you very much, Mr. Chair.

[*Translation*]

It is a pleasure for us to meet with you today to discuss broadband and Internet access.

[*English*]

I am very pleased to be here on behalf of the Canadian Wireless Telecommunications Association, and to be with our senior director of government affairs, Devon Jacobs.

We have presented a slide deck that you have in front of you. I'm not going to go through all of it, but I want to present it to you for information purposes. I would ask you to follow with me on some of the items.

As you will see today, wireless service in Canada really is the future of the digital economy. The future of the digital economy is mobile and it is wireless.

Wireless in Canada is competitive—it's jobs, it's investments, it's growth, it's smart phones, it's Canadians having access to the service, where they want, when they want, to do whatever they want, basically.

Let's look at some quick facts—that's slide 3 of the presentation. Wireless coverage in Canada reaches over 99% of the population, and 99% of the population has 3G coverage or faster.

In Canada we have deployed, and we are deploying, LTE, the fastest wireless technology available in the world. Canadians are known to be among the world's fastest adopters of smart phones and tablets. In fact, when you look at the younger generation of Canadians, from 18 to 34, you'll see that over three-quarters of those Canadians already have a smart phone or a tablet.

Data traffic in Canada is growing extremely fast—and I'll share with you why—at a rate of almost 5% on most of our networks. In fact, an Industry Canada report released last summer projected that there would be a 30 times growth of data traffic on wireless networks in Canada over the next five years.

Canadians sent over 274 million text messages per day this year. That's more than 10 million every single hour.

One thing about the Canadian wireless marketplace is that it is very competitive. If you look at slide 5, you'll see where we stand compared to other OECD markets, in terms of concentration of markets. Canada is one of the least concentrated marketplaces in the OECD, so you could say that Canada is one of the most competitive marketplaces in the OECD.

If you look at slide 6, you will see some of the benefits of wireless in Canada.

● (1535)

[*Translation*]

We see that the wireless industry has added approximately $43 billion to the Canadian economy, including $18 billion to GDP directly and roughly $16 billion in economic benefits indirectly.

As for investments, let us look at table 7. We can see that major investments have been made over the last few years. Over $11 billion has been invested in the wireless industry from 2008 to 2011, and close to $24 billion over the past decade.

[*English*]

If you combine slides 8 and 9, you will see there's a growth in terms of subscribers in Canada. You will see that when subscribers switch from a traditional cellphone to a smart phone—this is slide 9 —that's like adding 35 other people to your network, because they now consume more bandwidth through data consumption. This is an important slide to take a look at because you can see how it is represented when they move from a traditional phone to a tablet or a computer connected through a dongle.

One area in Canada where we don't fare as well is in fees that are paid to the government for licensing. We have one of the highest administrative licence fees paid to governments in the G-8. This is slide 11. Luckily, the Government of Canada, about three years ago, announced it was freezing the formula, which is good. Over time, we would like that formula to be changed to fall in line with other G-8 countries.

I'm moving very quickly here because there are a lot of things to talk about when we talk about wireless, broadband, and Internet access. But one thing we are doing, and what the industry is doing, is we are working better with our partners. We asked the CRTC last year to work on a national code of conduct for wireless services.

Those hearings were held last month. There is one key thing we're looking for: we want a national code that applies from coast to coast.

[*Translation*]

We believe it is essential to have the same code of conduct for all provinces across the country.

[*English*]

We're also working more closely than ever before with the Federation of Canadian Municipalities when it comes to antenna siting. In fact, just a couple of weeks ago we signed a new protocol with FCM on how we will work together to improve coverage in cities and municipalities across the country.

We also launched a new initiative to fight device theft. You can get the information on slide 15. I am moving along.

On slide 16 you will see all the social responsibility initiatives we have launched as an association with our members, from recycling, to wireless amber alerts, to the Mobile Giving Foundation, and more.

I'll be happy to answer any questions on this. I just want to take the last 30 seconds to really focus on the key recommendations.

One, include a recommendation in the committee's report that the government should set out a timetable for bringing the administrative fees paid by Canadian wireless carriers in line with other G-7 counties.

Two, issue an updated spectrum release plan for Canada. This is essential. If we want to be able to meet the growing demand in Canada for wireless, we need more spectrum. Without more spectrum, Canadians will feel the data crunch and they will not be able to have access to the services they want.

Three, earmark sufficient funds for upcoming wireless spectrum auctions to contribute to strategic initiatives identified by the government as priorities in the digital economy. That could be lawful intercept requirements for telecommunication service providers.

Four, the Government of Canada should defend its jurisdiction over telecommunication when it comes to antenna sitings and when it comes to consumer code for mobile wireless services.

Thank you.

The Chair: Thank you very much.

It's over to Xplornet Communications. Mr. Lenehan, will you be the one with the remarks?

Okay, please go ahead.

Mr. Allison Lenehan (President, Xplornet Communications Inc.): Mr. Chair, members of the committee, Mr. Clerk, thank you very much for the opportunity to speak on this very important issue.

I am Allison Lenehan, president of Xplornet Communications. We are Canada's leading provider of rural broadband. We only serve rural Canada.

Xplornet has raised and invested over $800 million of private capital. We have done what other telecom companies and government thought impossible. We have made high-speed Internet available to 100% of Canadians. That's right, 100%. There's nowhere in Canada we cannot reach with high-speed Internet.

First, I have a note on what rural means. Rural is not a place; it is a density. On page 4 of our handout we are showing you just outside the city limits of Waterloo, Ontario. It looks the same outside every city and town in Canada. We need to use the best technology to fit the density. If there are fewer than 30 households per square kilometre at any given place, then using wires to deliver broadband to homes and businesses is uneconomical. There you use fixed wireless or satellite. We simply cannot wire the second largest country in the world, nor do we need to.

We use two technologies to serve rural Canadians, both wirelessly based to enable ubiquitous coverage. For more than 92% of Canadians, it means 4G service. We were the first telecom in Canada to launch a national 4G network specifically for rural broadband, using hundreds of 4G wireless towers and two new high throughput satellites to deliver 4G service from coast to coast.

All this technology means that rural Canadians in the 4G footprint will, starting next week, have access to speeds of 10 megabits per second at prices similar to what urban Canadians pay. That is twice the CRTC goal of 5 megabits per second and ahead of schedule.

The remaining 8% of Canadians will have access to speeds of 3 megabits per second. That means every home in Canada will have access to at least 3 megabits.

On page 6 you will find the details of our service packages. That is not mobile broadband like the one used to do light Googling on your smart phone. This is real broadband for the home, just like urban customers use at their home or office.

That's the good news, but there are challenges: one, capacity to meet future needs, and two, adoption of broadband. We can address adoption once we have solved the first problem of sufficient access capacity. The capacity situation is more ominous. There is the potential for one of our game-changing technologies to be literally choked off by policy.

Slides 8 through 14 tell the story. To deliver wireless Internet, we need radio spectrum. As consumer demand continues to grow, the need for spectrum grows. Spectrum is optioned and licensed by Industry Canada, but the nature of the rules around the auction and licensing processes are such that rural ISPs—Xplornet and hundreds of others—cannot buy spectrum because spectrum is auctioned in blocks that include major cities.

For example, to buy Durham, Ontario, we have to buy all of the greater Toronto area. That is not feasible. The end result is that rural ISPs cannot get spectrum and the big telcos end up with vast amounts of rural spectrum far beyond what they could ever use for mobile cellular services that go unused.

Slides 10 and 11 show excess rural spectrum that is a vital resource, which can be used, as opposed to completely wasted, when desperately needed rural Internet services can be provided.

Industry Canada has made no plans to make spectrum for rural Canadian Internet, when it would be easy to do so. It could be done either by designating some spectrum to be for rural Canada or by simply taking back spectrum that has been hoarded and unused by Canadian companies and assigning it for rural broadband use.

Please don't just take our word for it. Attached at the back of your packages is the support of a couple of our municipalities.

Finally, we are pleased to have worked so hard to get rural Canadians access to real affordable broadband in their homes. In the next three to five years, we could deliver 100 megabits per second to all Canadians, but only if we have access to affordable spectrum. The private sector has the money and technology. We need your help with the public spectrum.

Thank you.

● (1540)

The Chair: Thank you very much.

Ms. Avvey Peters, please go ahead for five minutes.

Ms. Avvey Peters (Vice-President, External Relations, Communitech): Good afternoon, everyone. Thank you very much for the invitation to appear before you today.

I represent Communitech, which is the Waterloo region technology organization. We're home to almost 1,000 companies in the region.

Given the matter under consideration today, I want to share with you a perspective that goes beyond Waterloo region tech companies, one that we've gained through our national initiative, the Canadian Digital Media Network. We launched the CDMN, as it's called, in 2009 in an effort to connect the Waterloo region tech cluster to clusters across the country. We now have 21 hubs on this network, from Vancouver through to Fredericton.

Every year, the CDMN embarks on a series of regional meetings designed to gather the perspectives of industry, academic, and government leaders. We are measuring progress against an agenda that we affectionately call our moonshot: that anyone can do anything online in Canada by 2017. The moonshot has five priority areas, one of which is connectivity for Canadians of any financial status and geographic location. I'd like to share with you today a few of the highlights of those regional consultations around the priority of connectivity.

In Stratford, Ontario, our participants emphasized the importance of Internet soft infrastructure as a vital counterpart to the physical infrastructure that connects the nation. Just as road and rail are vital to the health of manufacturing, so is fast and affordable connectivity considered critical to the health of digital companies and the technology industry.

In Stratford, they shared a significant interest in private-sector-led solutions to Canada's connectivity challenges. Companies like Fibernetics, with its Fongo application, and Google, with its Fiber to the Home project in Kansas City, are showing how market solutions can address both affordability and connection speed.

In Vancouver, B.C., our delegates told us that the broadband infrastructure, particularly in the City of Vancouver, is not adequate to their needs and not affordable for small business. The most significant issue that they identified is a lack of fibre, which restrains digital media and gaming technology companies. Vancouver-based companies in that niche feel that they're at a competitive disadvantage because they're having difficulty transferring content to their customers.

In response to this level of access, some individual companies are developing their own solutions, but this means that improvements are happening at a micro level, not a macro level.

Northern Canadian delegates gathered in Ottawa and suggested that a national bandwidth development strategy could help address the severe connectivity issues faced in the north. They pointed to business opportunities that could be enabled with improved connectivity. One example that was shared was a Nunavut business trying to communicate with distant customers; they were shipping Arctic char to restaurants in New York City.

In Calgary, delegates agreed that soft infrastructure is critical to the success of commercial activity, but they also argued that the value proposition to companies has to be clear. The private sector needs to demonstrate how faster and less expensive Internet access will allow for the exploration of new companies, new job possibilities, and new wealth creation.

In Fredericton, our participants agreed that Canada's success in the digital economy requires a close, holistic examination of national connectivity. The New Brunswick delegates affirmed that content is actually key to user engagement, and that improving the quality and quantity of digital content will drive greater demand for connectivity. They called for a more transparent connectivity framework and emphasized the importance of convergence between content and infrastructure.

In conclusion, I wanted to relay to the committee what we've been hearing, which is that ubiquitous, affordable, high-speed broadband is a critical investment in Canada's future. We've heard that connectivity is a key factor in new business creation and growth. While no single set of solutions has emerged from our consultations, the CDMN and its partners are eager to participate in discussions like the one you're having here today. Please count on us as a resource to help as you go forward.

Thank you very much.

● (1545)

The Chair: Thank you very much, Ms. Peters.

Now we'll move to Ms. Catherine Middleton, who is joining us, as I mentioned already, from Australia.

Please go ahead for five minutes.

Dr. Catherine Middleton (Professor, Ryerson University, As an Individual): Great. Thank you very much for making this possible.

My name is Catherine Middleton. I'm an academic at the Ted Rogers School of Management in Toronto. I have focused on the development and use of broadband networks in Canada since the late 1990s. My focus is primarily residential and consumer use.

I want to make four points. I want to talk about the vision for broadband in Canada. I want to ask some questions about what kinds of networks we need to realize this vision, a question of supply. I have questions about how we ensure broad uptake of these networks to enable socio-economic benefit across society, and think about how we track our progress—that's a data question.

If we look at vision first, the question is, what do we want to be able to do with broadband connectivity? Other countries have articulated a set of objectives. They have national broadband plans; they have digital strategies. At present, Canada doesn't have either of these. The digital economy consultation paper done in 2010 notes that Canada needs a world-class digital infrastructure, but at the moment it's not clear exactly how Canada is going to develop that infrastructure without a clear vision to guide it.

Because we don't have vision, it's not entirely clear what kinds of networks we need, so I believe there needs to be a discussion about what we want broadband networks to be able to do. Once we understand that better, then we can understand the sorts of networks that should be available. The questions we need to consider are the sorts of speeds we need, and not just download speeds but upload speeds as well. What quality of networks do we need? We clearly need to have reliable quality networks. Do we need quality of service guarantees on these networks?

Do we need to have uniform networks? Is it important that Canadians across the country have access to similar networks so that we can roll out services across the country? Do we need ubiquitous connectivity? I'm thinking partially about mobile connectivity. While a lot of discussion about broadband is about fixed broadband, what sorts of plans should we have in place to consider mobile broadband connectivity? If we were to develop a target for broadband going beyond the CRTC's target of a five-megabit-per-second download and a one-megabit-per-second upload service available to all by 2015, should we be looking at a similar target for mobile broadband connectivity?

How do we encourage broad uptake of broadband networks so they enable socio-economic benefit across Canadian society? This is really a demand question. Unfortunately, we don't have a huge amount of recent data; 2010 is the latest publicly available Statistics Canada data. It suggests that 80% of Canadian households had Internet access. Almost all of that was broadband, but it was unevenly distributed. So 97% of the top-income quartile of Canadians had access, compared to 54% of the bottom quartile. We still have a digital divide, and this is a challenge we have to address.

In 2010 half the households that had no Internet access said they had no need for it. Is this a problem? Isn't this a problem? We need to better understand what is and isn't driving people to use broadband networks, and then if it's part of our national vision that everybody has access to broadband, we need to start thinking about how we can encourage more people to make use of these services and to obtain them in the first place.

One of the numbers provided by the CRTC in its communication monitoring report is that 75% of Canadian households had access to broadband services at download speeds of 50 megabits per second or higher—this is 2011 data—but at that time only 0.3% of households subscribed to these speeds. So there's clearly a gap between the supply of very high-speed broadband networks and actual demand for these networks, the uptake.

Are Canadians making extensive use of these networks? We don't know, and that brings us to a question of data. How do we track our progress? We have some high-level metrics, we have some maps that provide an overview of basic coverage, but we don't really understand in great detail what people are doing online. We don't really understand their vigorousness levels. We don't fully under-stand the reasons that Canadians who are not currently online or are not regular users have chosen not to make use of these resources. While we have some information on availability, we need much more fine-grained data on upload and download speeds, on quality, on price, allowing us to think about affordability, the number of providers to look at, the choice that people have, and the uptake of various speeds.

● (1550)

I'll stop there.

The Chair: Thank you very much, Ms. Middleton.

We'll now move on to the questions.

Mr. Braid, for seven minutes.

Mr. Peter Braid: Thank you very much, Mr. Chair.

Thank you to all our witnesses and representatives for being here today and for contributing to this important discussion and study.

Ms. Peters from Communitech, perhaps I could start with you. You talked about the importance of "connectivity for Canadians". Could you elaborate on why the issue of connectivity is so important for Canadians, for Canadian businesses, for Canadian communities?

Ms. Avvey Peters: From our perspective, the technology companies we're working with largely reside in the ICT and digital space, and good connectivity represents a huge business opportunity for them. Every day we're seeing new areas of exploration amongst our companies.

We run a digital media facility in the Waterloo region. It is populated with a couple of hundred tech businesses. Google is our upstairs neighbour. The latest company to move into that facility is actually Canadian Tire. They're there because they see a huge opportunity in e-retail and e-commerce. They're trying to take advantage of the business opportunities that connectivity will provide.

That's just one example of where we see productivity gains that can be made by companies that are able to maximize that opportunity.

● (1555)

Mr. Peter Braid: Great.

You mentioned fibre technology during your presentation, which is a newer and more evolving technology. How prevalent is the use of fibre technology in Canada? If this is an important part of the solution to enhance connectivity, how do we expand the use of this particular technology?

Do you have any thoughts or recommendations on that?

Ms. Avvey Peters: I will defer that question to the experts here.

Mr. Peter Braid: To Mr. Lord?

Ms. Avvey Peters: I think so.

Mr. Bernard Lord: Perhaps you could repeat the question, Mr. Braid.

Mr. Peter Braid: The question was about the current use of fibre technology and the prevalence of that particular technology today in Canada. If this is an important technology to enhancing connectivity for Canadians, how do we expand the use of this technology?

Mr. Bernard Lord: Obviously some of our members use that technology and have deployed that technology across the country. We think that to be able to satisfy all the needs of Canadians we'll need more than one technology. There isn't one bullet. There is no silver bullet. It's not one-size-fits-all. It's not just one solution for all of this.

If we share the objective of making sure that Canadians from coast to coast, where they live, have high access to high-speed, quality Internet at work, at home, at play, and everywhere in between, we'll need multiple technologies.

But we'd be willing to ask our members to provide us more detail so that we can help you with that and provide the details of where we're at exactly in terms of fibre deployment.

Mr. Peter Braid: Great.

Just to continue our conversation more generally speaking here, how would you describe the state of telecommunications and wireless infrastructure in Canada?

Mr. Bernard Lord: Generally, I would describe it as being excellent, state of the art, leading the world in terms of speed, quality, capacity, and growth.

Just to give you a very specific example, last month at the CRTC hearing, when we were talking about a national code of conduct for wireless carriers and to help consumers across Canada, there were no discussions about the quality of the networks, the speed of networks, or dropped calls. All those things were secondary because they're taken for granted in Canada. That speaks to the quality of the infrastructure that we have from coast to coast. That's because in Canada carriers have deployed massive investments. When I'm talking carriers, I'm talking new carriers, old carriers, national carriers, regional carriers—they have all made massive investments to support wireless technology and mobile wireless technology from coast to coast, and we expect that to continue.

Another example of how things are shifting, and why I say it's excellent in Canada, is just a few weeks ago I was at the launch of the new BlackBerry Z10—

An hon. member: Hear, hear!

Mr. Bernard Lord: I thought you'd appreciate that, so that's why I mentioned it now.

During the launch, which lasted a couple of hours, they talked about all the capabilities of this device, but no one mentioned that this could actually make a phone call, because it was secondary. The fact that it makes a call is taken for granted. If you make a call from a wireless device in Canada, it's good quality, we rarely have dropped calls—it's excellent. It was all about the computing power and the mobile computer power, and how you can access high-speed broadband Internet wherever you are.

That's how quickly things are shifting in Canada. That's because of the investments that have been made and the fact that our networks are excellent. But the fact that they're excellent is not a reason to be satisfied and to simply sit on our laurels and think we've got it made. We know that to continue to satisfy the needs of Canadians and the expectations of Canadians to have the world-leading networks, the best devices, the best service on the best networks, we'll need to make more investments. That's why the issue of spectrum is so important to all of us.

Mr. Peter Braid: Great.

With our remaining time I want to ask you about the protocol you recently established with the FCM. Congratulations on that particular milestone.

Could you elaborate a little bit on the purpose of the protocol and what benefits that will bring to municipalities across Canada?

Mr. Bernard Lord: I appreciate the congratulations, but those need to be shared with FCM. It was a joint effort. We reached out to them and they reached out to us.

Really, what's happening across the country is there's a massive deployment of new infrastructure and new sites, and that's needed to satisfy demand. We realize in some places there were some stumbling blocks. We wanted to improve the relationship and work more closely with local land-use authorities and municipalities. So with FCM we established this protocol, which we signed.

Basically, in the protocol our members, through our association, accept conditions that we would not have to accept under Industry Canada rules and regulations. For instance, for any site or tower that is less than 15 metres, currently under Industry Canada rules we don't need to notify the municipality and there's no need for public consultation. Under the protocol that we have signed, we accept that for every single tower and site in Canada there will be notification to the municipality and land-use authority. If the municipal authority decides that there should be consultation, public consultation, then we will follow through and have that public consultation.

● (1600)

The Chair: Thank you, Mr. Lord. I'm sorry the time is up, but I'm certain that you can expand on that as the meeting goes on.

Mr. Stewart now, for seven minutes.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): Thank you, Mr. Chair.

And thank you to all the witnesses for coming today and the great discussion here.

Most of my comments will be aimed at Professor Middleton.

Thanks very much for taking the time to be with us today. I really enjoy your work, and I think we really need the kind of help you have to offer on our broadband and Internet in Canada.

You're saying we don't have a digital strategy. Well, I have a goal perhaps we can start with, and that is to increase the productivity of our largest cities, to make sure that our cities are competitive when businesses are looking around the world where they might locate, to make sure Toronto, Montreal, and Vancouver are attractive sites to locate business from the perspective of broadband and Internet.

I'm struck by your article, "An Exploration of User-Generated Wireless Broadband Infrastructures in Digital Cities". You give us four criteria by which we might evaluate, things that companies might find important: usability, reliability, security, and affordability.

I'm wondering about two questions. The first is, when we're thinking maybe from a company's perspective, how do our cities stack up against other cities around the world, perhaps using your four criteria, all of them, or one or two of them? And how can the federal government help to make things better?

I'll turn it over to you and maybe prod as we go along.

Dr. Catherine Middleton: Okay.

The answer to how we stack up against the world isn't an easy one. I'm not aware of a good source of data to measure that. Akamai, which is the contribution distribution network, broadly speaking, produces the report each quarter on the state of the Internet. They used to look at cities, so they measured broadband speed in cities, and the last time they did that was 2011. They've stopped doing it because it's just too complicated, I think.

But at that time, of the top 100 cities with broadband speeds around the world, there were two Canadian cities on that list: Victoria was in 81st position, with average speeds of 7.5 megabits per second, and Oakville was in 97th. That's really the only hard data point we have from 2011.

More recently, their 2012 third-quarter data shows that 70% of Canadian connections are above 4 megabits per second, but we're not in the top 10 internationally for average or peak connection speeds. Much of this data is consumer data, but it's still measuring the ability to connect into businesses, and so on. It seems that we don't have really good data, but the data we have suggests that Canadian cities are not world leading in terms of speeds of broadband. If you look at some places that are, they're places like Chattanooga, in Tennessee, where the municipal utility has built out a gigabit-per-second broadband network there. What that has done is it's become a huge hub for regional development. Companies from across the U.S. are moving into Chattanooga because there's this broadband connectivity there.

The question becomes, how could we do something similar here? What would be needed? Clearly, there are opportunities to build particular spaces, so build industry, industrial parks, build networks, build regions...providing this high-speed symmetrical fibre connectivity, and drawing business into that.

To the extent that municipalities can help with planning, it's not so clear exactly how the federal government drives that at the municipal level, but, clearly, any initiative that it can do to help foster that would be good.

● (1605)

Mr. Kennedy Stewart: Can I jump in for a second?

I did notice from your article that you said a lot of municipal efforts to do this have failed, essentially, or they've stopped doing that. Is there something we can learn from those failures as to how we might rejig investment to again bring our cities to the same level as Chattanooga, or Seoul, or somewhere else?

For example, I have EA Sports in my riding—lots of uploads, lots of downloads. They have contractors all over the world. Connectivity is going to be a huge thing; it is a huge thing for them. I want to keep them in my riding, and this is essential, I think, to make sure we have this.

Again, we've discussed a lot about the market here, but you have looked at different models. Is there something that perhaps our municipalities could do that would work?

Dr. Catherine Middleton: Well, one successful Canadian municipality, one of the ones we looked at years ago that is still managing to maintain good connectivity, is the City of Fredericton. Fredericton is interesting because the municipality owns that fibre ring, so they're able to take excess capacity on that. They're providing a whole lot of companies...but in taking excess capacity, they make that available to citizens. Because they own that fibre ring, they're able to decide where they're going to extend it to. It's a case of an alternative provider.

I think to the extent that the municipal governments or federal governments can help bring in some additional competition to make those services available, that's going to help.

In terms of what has worked elsewhere, I think it's that vision. In Chattanooga, as an example, it's very clear that the entire local government recognized the value of this connectivity as an economic development initiative. It wasn't just that we want faster broadband so that people can watch YouTube; it was, if we build this network, at this speed, in this community, business will move into this community.

I don't have an answer to this, but the question is, why aren't we seeing more of those types of networks being built out in Canadian communities? Certainly, we're seeing some evidence of that, but it's not across the board.

Mr. Kennedy Stewart: That's a great answer.

I'm just wondering if any of the other panellists would want to jump in on thinking again about cities and how our cities compete.

Ms. Peters, you mentioned municipalities.

Ms. Avvey Peters: I did, and the one example that a lot of cities are looking at is what has happened in Kansas City with Google's Fiber to the Home project. I think that's a result of a strong partnership between a company that had a vision to do something really interesting and a municipality that was open to it. So that one bears looking at, certainly.

The Chair: Thank you very much, Mr. Stewart and Ms. Peters.

Now we'll move on to Madam Gallant for seven minutes.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

Mr. Lenehan, previously this committee heard that high-speed Internet would not be available to 100% of Canadians, with current technology, due to geology and topography.

Are you telling us that regardless of geography, Xplornet can connect all Canadians to high speed?

Mr. Allison Lenehan: Yes.

Mrs. Cheryl Gallant: So you're familiar with the eastern Ontario broadband fund?

Mr. Allison Lenehan: We're very familiar with them, yes.

Mrs. Cheryl Gallant: We're told that even with that money the companies cannot provide coverage to Head, Clara, and Maria, around Algonquin Park, Greater Madawaska, Bonnechere Valley, and Brudenell, Lyndoch and Raglan, even though the mother of all telephone companies has the wiring and the capability of doing so. We cannot get it.

So what, in your estimation, is the obstruction?

Mr. Allison Lenehan: I can't speak to what you heard before, but if you think about how we get the service to various stakeholders, home or business, we use two forms: terrestrial, from a tower; or satellite. So depending on where you are, we have look angles that can provide the service directly from—in the case of some of these more difficult to reach places—a satellite to a home or business. It does not have the obstructions you usually have on a land line or on a tower. Our elevation is such that we go above mountains and trees and point directly down. Think of it as satellite television, in terms of its availability and its look angles and how you can get service. Our look angles are very similar to that, providing service from our satellite broadband.

So between wireless towers and satellite, we cover 100% of Canada.

●(1610)

Mrs. Cheryl Gallant: Even with the satellites, publishing companies—we actually have some out in the hills—say that the files are corrupted during transmission because they're just too big for a satellite to handle. Are the new satellites we're getting into, the constellation, going to take care of this?

Mr. Allison Lenehan: Yes. I'd love to talk to them.

We announced that next week we'll be offering 10-megabit service, and we usually don't talk about the upload speed, but I think it was raised before. Every consumer package will have a megabit on the upload in rural Canada. So it's not just on the downloads; it's a megabit on uploads. Satellites can do much more than that. We have examples around the world of the same technology we're using, where they're offering between 20 and 30 megabits on the download and upwards of 10 megabits on the upload, and that's per connection.

So depending on how many connections you wish to have, we can simply roll out more and more connections to that facility. Think of it as the advancements having come a long way through what we define as wireless, which is terrestrial wireless, and satellite, which is a form of wireless. It has come such a long way in such a short period of time that perhaps we haven't done a good enough marketing of the fact that we have these capabilities now.

Mrs. Cheryl Gallant: Thank you.

Mr. Lord indicated that he'd like to see a timeline for the feds in reducing the administrative licence fees. Canadian consumers would like to see some flexibility in wireless phone plans. Do any of the cellphone carriers that you represent offer month-to-month contracts as opposed to three-year lock-ins? Also, other countries allow travellers from country to country to take the SIM card out and use a different one, but for some reason Canadian business people are not afforded this same option.

Would you speak to those two issues, please?

Mr. Bernard Lord: I'm very happy to speak to those issues.

The simple answer to both of those questions is yes. Those choices are available today in the Canadian marketplace. They may not be identical from carrier to carrier. That's why we have competition. Different carriers will offer different packages, different choices to consumers. But in Canada today you can get what is considered a traditional plan, a three-year plan, or you can get a month-to-month plan. You can get prepaid or postpaid. You can get one-year plans, two-year plans, or plans that have no timeline. It just depends on how quickly you pay down the subsidy on the device.

In fact, what we're advocating and what we propose to the CRTC is that Canadians should be able to leave a plan at any time they want, as long as they pay the subsidy on the device, the phone, if there was a subsidy on the device when they started.

That's a simple answer to say that things have changed dramatically in recent years in Canada. Some people still think the only way to get cellphone service is through a three-year contract. That is not the case at all. In fact, there are so many options out there

in the marketplace that it could make your head spin. There are so many choices.

In terms of unlocking phones and having access to SIM cards, the answer is yes. Most carriers will offer that choice to unlock your phone. Some do it for free. Some will charge a fee. Again, it's an issue of competition. It depends on the service, but Canadians do have that choice. So if they go overseas or to another country, they can change the SIM card and put another SIM card in the device.

The Chair: Thank you very much, Madam Gallant.

Mr. Easter, for seven minutes.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair, and thank you to all the witnesses.

Mr. Lord, on your comment that cellphones are not dropped, it certainly doesn't work in my area. Driving from my office to Charlottetown, I'll be dropped twice on all major networks. I've tried all three: Bell, Telus, and Rogers. I tried Xplornet on the Internet. There are a lot of areas in this country where we just do not have the service.

I will say, Mr. Chair, I'm glad the committee is looking at the service.

First, to Ms. Middleton, you said that Canada doesn't have a national strategy, and I think that's what we need to look at first. What's the government's responsibility in terms of moving forward? How do we stack up against the rest of the world in terms of that?

Dr. Catherine Middleton: The International Telecommunication Union, which is a regulatory body but it also looks at broadband for development, has a broadband commission. One of the reports the broadband commission has done is to look at the development of broadband plans. It's more of a document with a few pages. More than 100 countries internationally do have broadband plans.

That document lists Canada as having a broadband strategy. The strategy listed there is the 2009 Connecting Rural Canadians program. If you go to that website, the website says this program finished in March 2012 and there are no further plans to continue. Although there was some money in the federal budget for broadband, it's not clear exactly how that will be rolled out.

If we look at other countries, the U.S. put their national broadband plan out in 2010, and the European Union has a pan-European digital agenda, also put together in 2010. Which countries have goals? Australia is building a national broadband network. I am planning, if the network goes ahead as initially conceived, to provide a gigabit-per-second service to 93% of Australian premises.

●(1615)

Hon. Wayne Easter: Basically, I think you're suggesting we should have an ongoing national strategy. Would I be correct in saying that?

Dr. Catherine Middleton: Yes.

Hon. Wayne Easter: If I could turn to Mr. Lenehan, in your presentation you talked about spectrum auctions, and that of the 758 licences in the 3.5 gigahertz span, only 26 have been or are being deployed, and 74% have not been deployed. You further said in your presentation that a public good is valuable and that spectrum should not be hoarded. Are you suggesting that 74% is being hoarded by the companies that have it?

Mr. Allison Lenehan: I would suggest that anyone who acquires a spectrum under certain licences and has a period of time to use it should use it within that timeframe. We did not participate in the 2004-05 auction on 3.5. We were able to acquire and deploy our licences, subsequent to that, from private companies. If you look at all the folks who did acquire those licences and still have yet to licence since 2004, it would result in 74% of the licences. I don't know what they're doing with them, but they're not using them for Canadians.

Hon. Wayne Easter: Could I take it, then, that you're saying it in terms of how important access to the spectrum is? It can't be left up to the marketplace; there is a role that government should be playing, and this should be part of a national strategy.

Mr. Allison Lenehan: When it comes to access to spectrum, we would bring to your attention that the way they are designed and deployed right away creates a bias against rural because of the way they're structured. Back to my example, and we have lots of examples, in order for us to serve Durham we need to buy the city of Toronto. The math just prohibits us from deploying in Durham. We could go on with many examples like that. That's back to the 3.5, which is the smallest-size licence available within Industry Canada. They're tier 4 licences. Every other licence is a tier 1, tier 2, or tier 3, and they are larger than tier 4s.

Hon. Wayne Easter: In terms of future auctions, can you anticipate a way that rural is auctioned in and of itself, exclusive of the cities? Should this be something that government looks at?

Mr. Allison Lenehan: Absolutely.

Hon. Wayne Easter: Earlier a question was on the cities and how cities can be competitive, but being a rural Canadian I know that without access to the Internet and the high-speed equivalent to what it is in the cities, we are at an extreme disadvantage. If young people are going to develop a business, they need access to the Internet.

I have a question to Mr. Lord. You talked in your remarks about establishing a protocol with the FCM. I know the FCM was somewhat critical of the upcoming 700-megahertz spectrum auction in November. In particular, they expressed concern about the effectiveness of rural deployment, "as it only applies to carriers with two paired blocks of spectrum, and includes targets that are based on HSPA"—meaning high-speed packet access—"network footprints that were in effect March 2012." The FCM and others believe the decision to use HSPA footprints will not guarantee rural deployment.

They're clearly saying, much like others have said here, that rural deployment and rural accessibility are important. Is that part of the protocol you've established with them, or is that still an open-ended agenda?

●(1620)

The Chair: Mr. Lord, time has expired. Could you just answer as briefly as possible?

Mr. Bernard Lord: I'll be very brief.

That's not part of the protocol. The protocol is really dealing with antenna sitings and how we put up antennas on sites in cities and municipalities.

On the issue of rural coverage, I'd be happy to answer a question on that, but I'll respect the time of the chair.

The Chair: Thank you very much, Mr. Lord. Thank you very much, Mr. Easter.

We're moving on to the five-minute round now. Just to warn colleagues, we anticipate that there will be bells at 5:15 p.m. I will try to keep you as efficient to your time as possible.

Now on to Mr. Carmichael for five minutes.

Mr. John Carmichael (Don Valley West, CPC): Thank you, Chair.

Mr. Lord, I'll come back to the protocol in a minute. I was reading your code of conduct. That was not a CRTC-mandated issue? It was something that was voluntary by the industry?

Mr. Bernard Lord: We had our own code of conduct that we established three years ago, but we saw that some provinces came up with their own legislation to regulate contracts between carriers and consumers. That's why we asked the CRTC to step in and exercise the federal jurisdiction on telecommunications and establish a national code of conduct for consumers and carriers.

Mr. John Carmichael: They actually manage the process at CRTC?

Mr. Bernard Lord: The CRTC would establish that code. In fact, the hearings took place two months ago, and now we're waiting for the results of the hearings. The key thing that we're asking for, and this is important for the federal government, is to make sure the CRTC adopts one national code. If we don't adopt one national code, then we'll have one code, the federal code, but we'll also have a code for Quebec, Ontario, and so on. Then we have multiple rules, and that just adds costs for consumers. Let's have one set of rules from coast to coast.

Mr. John Carmichael: It makes absolute sense. And you have buy-in from your entire membership on that?

Mr. Bernard Lord: Absolutely, and in fact, on that specific issue of one national code, not only is there buy-in from the industry and our members, but there's also buy-in from PIAC and many other groups. Consumer advocacy groups feel there should be one national code.

Mr. John Carmichael: Right.

Mr. Lenehan, from a practical application, you've participated?

Mr. Allison Lenehan: No, we did not.

Mr. John Carmichael: No? You're not part of this?

Ms. C.J. Prudham (Executive Vice-President, General Counsel, Xplornet Communications Inc.): Just as a clarification, the code of conduct was actually specific to mobile telephones, and we're fixed broadband.

Mr. John Carmichael: Thank you.

Let's go back, if we can, then, to the FCM protocol. I wonder if you could just talk about it further and carry on from what my colleague was asking Mr. Braid previously.

Mr. Bernard Lord: On the FCM protocol, what we established was a better way to cooperate. That way, municipalities in Canada can indicate to carriers their preferences, where they would like to see antennas go up, or sites go up, what type of look they want, if they want camouflage on it or different designs—they can set those preferences. We feel it should not be one-size-fits-all because different municipalities may have different objectives.

In some large municipalities you actually still have agricultural zones, for instance. In some places they may not mind if you set up antennas in agricultural zones, while other municipalities will say no.

The protocol that's been established is a tool for a municipality to tell the industry what their preferences are and how they are going to work together. It enhances the cooperation and collaboration between the wireless industry and local land-use authorities and municipalities. We think this will solve most of the problems, but I don't believe it will solve all the problems. There will always be some issues in some places.

The key to keep in mind is that when we look at data consumption and we talk about data consumption going up, a lot of that data is now being consumed in the home, even on the wireless mobile devices. Up to 40% of data is consumed in the home on mobile devices. So for that reason we need sites closer to where people live.

● (1625)

Mr. John Carmichael: Within that protocol, then, was tower sharing part of that discussion?

Mr. Bernard Lord: Yes, it was. In fact, even before Industry Canada accepts a new site or a tower, they will examine whether tower sharing has been explored. It's part of the protocol. Most of our members now, most sites in Canada, are shared sites. Close to two-thirds of the sites are shared.

Mr. John Carmichael: Excellent. Thank you.

This is a question perhaps for anybody who wants to jump in. As we come to the end of my time, I'd like to get specific thoughts on programs or on what you would recommend to the government to increase broadband with Canadian business. Are there specific initiatives that we as a committee, as we deliberate on this, should be looking at that you might have considered, and that we should be considering?

Would anybody like to speak on that?

Mr. Bernard Lord: One key thing you heard about from a lot of us is more spectrum. As the government releases more spectrum, businesses in the private sector will make the investment to deploy the networks, and this will make it more accessible for businesses. As I said earlier, there's more than one technology that will solve this problem.

Mr. Devon Jacobs (Senior Director, Government Affairs, Canadian Wireless Telecommunications Association): And fees need to be lower, Mr. Chairman.

The Chair: Thank you very much, Mr. Lord and Mr. Jacobs.

We'll now go to Mr. Thibeault for five minutes.

Mr. Glenn Thibeault (Sudbury, NDP): Thank you, Mr. Chair.

I'd like to start with Professor Middleton.

You alluded to this a little bit in answering Mr. Stewart's question, but I believe you were also quoted in a national newspaper back in February, which was talking about, in your opinion, some of the market failures in competition when it comes to the telecom market. Can you summarize what you were alluding to in that article and what you were talking about with Mr. Stewart?

Dr. Catherine Middleton: I think the challenge in the Canadian market is that while we have competition, we don't necessarily see the full effects of that competition. If we're looking at effective competition, we want to see lots of choice. So if you go back to that number of 75% of Canadians having 50-megabit-per-second service, that's only from one carrier.

We want to see more options, and that goes into an effective wholesale market. CRTC is working on that, but they need to continue to push at that. Ideally we'd like to see lower prices. Of course everyone wants to see lower prices, but when you look comparatively internationally, our prices in many ways are quite high. We want to see more competition. We want to see more choice as a result of that competition, and we want to see different offerings, a variety of different services available to Canadians.

Mr. Glenn Thibeault: Great. Thank you.

Mr. Lord, I think I'll follow up a little bit on what Mr. Easter was mentioning. You mentioned the quality piece. Those who drive between Ottawa and Sudbury will know that the quality will sometimes disappear altogether in northern and rural regions. Ten minutes outside Sudbury, Ontario, which is not considered rural but we are northern, there is absolutely no service whatsoever. I want to acknowledge Xplornet for stepping in at that point and providing services to the folks up there.

Does your organization currently have a plan to look at ways we can get to those individuals in those communities who do not have wired access to Internet, using wireless as a way to get into the digital world?

Mr. Bernard Lord: I really appreciate the question.

Currently, mobile wireless in Canada covers 99% of the population. It covers just under 20% of the territory. We live in a vast country with a sparse population that is highly concentrated along the southern part of the country. We all know that.

I have talked about dropped calls. There is a difference between having a dropped call where there is coverage and having dropped calls because you're moving into an area where there is no coverage. I'm not pretending that we cover 100% of the territory; that's not the case.

As has been stated here today, in places where there is a very low concentration or density of population, mobile wireless may not be the best solution. We don't pretend that we can cover 100% of the population in the same way that we cover downtown Toronto or downtown Ottawa or even downtown Moncton. Other technologies can step in here. They may not provide the same flexibility as mobile wireless, but they can provide the service of fixed wireless, as has been explained today.

That's why we don't pretend and are not advocating that there be just one solution to satisfy the needs of all Canadians. We know, however, that Canadians love the fact that they can be mobile and that they want to have access to high-speed Internet while they are mobile. We can provide that to 99% of the population currently.

● (1630)

Mr. Glenn Thibeault: Thank you.

I'm sure you can understand that folks who work in the city drive 10 minutes outside of the city, and all of a sudden they're on their phone and the signal disappears. When you're looking at how they're setting up their businesses—and they're setting up home businesses all over the country—not to be part of the digital economy is frustrating. I appreciate and recognize that.

I hear what you're saying, that mobile or the telecoms aren't the answer for everything. But I think this relates to what we've been hearing from Ms. Middleton as well, that we need a national strategy on broadband and Internet access.

It seems that you want to say something.

Mr. Bernard Lord: I want to say that I support the idea. We as a group are part of the solution. Every time we're asked for ideas and consultation, we're there. We are providing excellent services to Canadians now, but we are part of an ecosystem that provides those systems.

New frequencies that are being deployed and being auctioned off will improve the service. We are expanding the territory we cover, covering more people but more territory and spaces between places where people live.

We're also enhancing density and providing better coverage where there are a lot of people. In urban areas the problem is reversed, because you have too many people with not enough sites, so we need more sites to provide more capacity. That's why radio frequencies and spectrum are so important.

Mr. Glenn Thibeault: Is that my five minutes already?

The Chair: It's more than five minutes, yes.

Thank you very much, Mr. Lord and Mr. Thibeault.

Now we go on to Mr. Cannan for five minutes.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thanks to our witnesses. I appreciate the discussion; it's very interesting. You've alluded to this country as being the second largest land mass in the world and about the 15th or 16th in size of population, so it is a very difficult job to get the spectrum covered from coast to coast to coast, with the topography as well.

Mr. Lord, in your opening comments you mentioned industry fees, and I thought you were going to expand, saying that you're not paying enough. Industry indicates that they want to look at the U.S. model. You only have to look at the fact that they're a smaller country with a higher density of population, as you know. What I hear from my constituents is that we're paying so much that cellphone rates and cable rates and Internet rates are some of the highest in the world.

Do you see more competition and more choice on the horizon?

Mr. Bernard Lord: I do, absolutely, and in fact there is competition and choice now.

And we don't pay the highest fees in the world. That is a myth that's being perpetuated by others.

In fact, when you look at how much Canadians pay versus what they get, we have one of the highest values in the world. When you look at how much Canadians pay versus our GDP, we are the second lowest in the G-8 and third lowest among OECD countries.

The fact is, Canadians consume a lot; we consume a lot of data, a lot of voice, and a lot of text. As we consume more, it's expected that we pay more. We also have among the best networks, and we also use the most sophisticated devices. That's very different from other countries. When you look at your monthly bill, if you have a monthly bill, in Canada a lot of it is paying for the device and not just for the service. If you compare that with the situation in other countries in which the device is not part of the bill, then you will see a discrepancy. But when you drill down into the numbers and look at them, we have very good value in Canada for consumers.

Part of that is because we do have a competitive marketplace. We have more than two dozen choices of carriers or resellers in Canada from whom you can buy service. One of the charts we showed today will illustrate that, if you look at the slide deck.

I don't want to take up all the time, but I'm happy to talk about this some more.

Hon. Ron Cannan: No, I appreciate it, and competition is the best solution I see.

Mr. Bernard Lord: Absolutely.

Hon. Ron Cannan: Before I go to another question, let me note that Mr. Easter talked about the FCM protocol. I served nine years on city council, so I'm glad to see that issue being discussed, because for a number of years it's been an ongoing issue.

You ran out of time when you started to talk about rural areas. Constituents, not only from my riding but from other parts of Canada, talk about rural areas covered, as you mentioned, and talk a lot about satellite. Some people don't like satellite because of lightning strikes and for various reasons, so they still have a dial-up connection.

Could you expand a little bit concerning the initiative for additional rural coverage?

● (1635)

Mr. Bernard Lord: Our members are deploying in rural areas and smaller communities. In fact, when we meet MPs or mayors and councillors from large cities, they tell us to try to slow down development because they're having issues setting up towers and sites. When we meet people in rural areas and smaller towns, they tend to say, "Please come on down; we want antennas and we want sites."

That's the challenge we face. We will deploy where there is a demand, and we will deploy where we can use the spectrum we have to maximize the service to Canadians. That's what's happening now. We know that with the new frequencies that are being made available we'll be able to improve the capacity and the reach of our service. For instance, the 700-megahertz band that will be auctioned off later this year will enable us to reach people further away.

While mobile wireless can be part of the solution if you are intent on reaching 100% of the population, it would be good to hear Allison again on the virtues of some of the fixed satellite service, if you want to. I'm just opening the door.

Hon. Ron Cannan: I appreciate it, and we can elaborate on this.

I have just one other comment.

As far as the future of digital wireless is concerned, I'm very excited about the opportunities. We've had a recent presentation from Rogers. I have one-year-old and six-year-old grandsons. They know how to work the tablets better than a lot of adults, and they are obviously part of their future.

Maybe you could share a little bit in your comments, as can anybody else who wants to, what you see in five years. Will it be a remote-controlled drone from your smart phone in five years? Where are we going?

Mr. Bernard Lord: Hopefully we won't get to that point, but we can remote control a lot of other things. For instance, last week we had a very good conference on mobile payments and using mobile technology for payments. We're planning a conference on mobile health and using mobile technology and mobile wireless technology to improve health outcomes for Canadians. The power that we are unleashing with these new technologies, most people would not even have imagined was possible ten years ago. Frankly, what's coming down the pipe is even greater than anything we have today.

Hon. Ron Cannan: That's very exciting. Thank you very much.

The Chair: Thank you, Mr. Lord.

I couldn't imagine that I would have to interrupt one witness this many times. It's evidence of your popularity.

Now we go on to Mr. Harris for five minutes, please.

Mr. Dan Harris (Scarborough Southwest, NDP): Well, it's probably going to continue. Of course, we already have remote-controlled helicopters that are operated by cellphones.

Mr. Lord, you spoke briefly in your opening remarks about fighting wireless device theft. Of course, we have a private member's bill that's going to come before the House, Bill C-482, brought forward by Mike Sullivan, the MP for York South—Weston.

Does the CWTA support that bill?

Mr. Devon Jacobs: Yes, we do. In fact, when we made our announcement back in November of last year we called on the government to bring in legislation, such as there is in the United Kingdom and Australia. There was also legislation pending in the U.S. Senate on this. We were pleased that Mr. Sullivan decided to take this up as well.

Mr. Dan Harris: Excellent. Thank you.

Now, going back to the protocol with the FCM, don't worry. You mentioned that the FCM should be congratulated on this, and they were, at the last meeting on this subject.

They mentioned that part of the reason for the protocol was that they found the Industry Canada regulations and rules lacking. You spoke earlier about the inefficiency, if provinces all do their own thing and then the federal does another, saying that it is going to create a hodge-podge system.

Do you think it might not have been simpler if Industry Canada had strengthened the rules and regulations?

Mr. Bernard Lord: The rules and regulations of Industry Canada are good. What we needed was a protocol to identify the flexibility required to meet the needs of different communities. We can understand, and we appreciate, the frustration of some municipal leaders across the country. That's why we reached out to them. We felt that we, our members, could do a better job of working with municipalities, and they also felt that they could do a better job of working with us.

We feel that this approach—our doing it voluntarily—is better than the government stepping in. These technologies change very quickly. I'm always concerned when governments step in and set up rules that two or three years later become obsolete.

Mr. Dan Harris: Well, I mean, that speaks to the responsibility of government keeping up with the times.

Mr. Bernard Lord: Oh, absolutely.

Mr. Dan Harris: An efficient government will keep up with the times, make those changes, and work with industry and municipalities to make sure that happens.

But certainly the protocol is to be applauded, and I hope we see more of those kinds of developments.

Your last presentation before the industry committee was of course during the e-commerce study. You did very briefly speak about the role that government does have to play in rural areas. I remember our time got cut off at that point, so would you like to elaborate on where you would like to see the government play a role in rural areas?

● (1640)

Mr. Bernard Lord: We've talked today about the needs of rural Canadians. We've seen in the past governments use public funds for public good to deploy infrastructure. We do it on a regular basis currently in Canada, whether it's at the federal level or the provincial level. We do it for roads, we did it historically for electricity, we do it for water. That's part of essential infrastructure.

So if we decide in the 21st century that connectivity is essential to the fabric of the country, and that economic models will not support it, then that's the place for governments to step in.

I know that last time, in 2008, there was an auction, and it yielded $4.3 billion to the federal government over the span of ten years. That is money that could be used, and is being used, for whatever decision the government wants. It could include helping deploy infrastructure and support deployment in other parts of the country where it's not economically feasible.

Those are legitimate policy options that are open to any government to consider and then decide whether they want to do it this way or not. Some of that is being done now. The federal government did announce a $225 million fund to deploy broadband in rural communities.

Now, those are options, and that's why we think we can be part of that solution, as can others as well be part of the solution.

Mr. Dan Harris: Without getting into too many specifics, would you like to see some of the money from the upcoming auction actually set aside to help with that development?

Mr. Bernard Lord: We mentioned in our submission to the finance committee that this could be used for issues that are important to connectivity and the digital economy in Canada. That also includes public safety. Part of the spectrum is being set aside for public safety.

From what we hear from provincial and municipal governments, they may not have the funds to actually use that spectrum. The last thing we'd want to see is that spectrum go unused.

Mr. Dan Harris: I want to give Xplornet an opportunity to jump in here.

Mr. Allison Lenehan: Thank you.

It's interesting, because we want to keep going back to subsidy. I'll say, just to make sure I'm really clear, that is for rural. That's the only thing I'll comment on; it's for rural broadband deployment. That is not our issue. We have private capital that will do that. We have technology that will continue to improve it.

It's interesting that we want to auction off the spectrum and then turn around and perhaps use those proceeds for infrastructure to do the exact point that I'm making on spectrum, which is, simply, create the policies and procedures that allow rural Canadian access to the spectrum in the first place, and then do what you wish with our public funds. I'm sure you have other places to use those.

The Chair: Thank you very much, Mr. Lenehan and Mr. Harris.

Mr. Warawa, for five minutes.

Mr. Mark Warawa (Langley, CPC): Thank you, Chair, and my thanks to the witnesses for being here today.

I want to use my example before I go on to present a question. I've had a BlackBerry—members of Parliament have had BlackBerrys for years. You find out how important this tool is. It's not just a phone—you can communicate, research, do it all. It's a great Canadian technology.

My wife had a flip phone. It quickly became more and more obsolete. All it can be used for is phoning. To try to text on a flip phone is extremely difficult. I told my wife I'd try to figure it out and show her how to do it. It is really hard compared with a gadget like this. I bought her a BlackBerry and traded in the flip phone. She's now able to text.

My guess is there are a lot of Canadians who are getting into the technology, which means that we have a need for additional capacity within the system. It's going to continue to grow exponentially. There are a number of us around this table who have a background in municipal government. I was on city council for 14 years. One of the challenges we had was people coming to a council meeting as we were considering a new tower. There was a lot of opposition whenever new towers were coming into the community.

To be able to make this happen and continue to grow capacity for this changing technology, from what I'm hearing, we need to have additional towers. That's one of my questions. Objections to towers include health issues and the devaluing of property. Mr. Easter is losing calls; maybe he needs some more towers or maybe he needs better technology to provide that service. I don't know what the issue is. I'm really happy that you have a protocol through the chamber that will allow you to take a serious look at this and provide accurate information.

So what would you say to a person who doesn't want an ugly tower in his community and believes it will devalue his home? What would you say to that?

● (1645)

Mr. Bernard Lord: First of all, you'd be right to point out that people are moving from feature phones to smart phones. About three years ago, one-third of Canadians had smart phones. Last year, it was over 50%. If you look at the 18 to 35 age segment, it's over 75%. So you can see where the trend is heading. Most people now are switching to smart phones. For that, we need more capacity. To satisfy that capacity, we need more sites.

I would tell someone to try to sell his house if he had no wireless coverage. Good luck with that. The younger generation of 18 to 35, a lot of them don't have land lines. They depend on wireless coverage. They depend on wireless coverage not only for phones but also for 911, calling an ambulance, or calling the police. That's why this service is essential.

As to how the tower or the site looks, that's what the protocol is there to help us with—to identify what our members can do to satisfy the specific needs of different communities. I can expand on this, but I want to be respectful of time.

Mr. Mark Warawa: Please.

Mr. Allison Lenehan: Can I help out a bit? There's new infrastructure. It's a great way to solve it. But there are two others. The first is with existing towers. This can be enabled by spectrum, without having to build more towers. The second is, as Mr. Lord pointed out, to keep in mind that a lot of the traffic going through the phones in the home is in fact on your home network. If we don't like the tower, we can upload through satellite. So think of it as whether you're urban or rural. If you do it through your home network, it does not require more towers. There are multiple ways for us to build more capacity. It's not simply to build towers. I think we should take a look at that. Spectrum is one obvious solution.

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

Now on to Mr. Thibeault.

Mr. Glenn Thibeault: Thank you, Mr. Chair.

I'll direct my first question to the folks from Xplornet. In your previous testimony, and in one of your answers, you were talking, with some frustration, about the spectrum not being utilized. Is that an example of what's happened right now with Shaw purchasing a large amount of spectrum, not utilizing it, and Rogers looking at buying the spectrum from Shaw once the time limit is up? Is that the type of frustration you would agree with? Is that what you're talking about?

Mr. Allison Lenehan: Here's how I'll put it: because specific companies, specific spectrum frequencies, are less important to us, generally we can use anything, 3.5 or lower. So yes, that is an option, but again a lot of that spectrum is also urban based. That would be less applicable for what we are interested in doing.

That is one area to look at, but the key is just making our public resources not only available but put to use as quickly as possible. Think about all the places we could enhance our broadband service around the country if we simply put to work what's already available.

Mr. Glenn Thibeault: We as parliamentarians, and especially this committee, could talk about and maybe bring forward recommendations, something along those lines, to really change some of the requirements that are put to telecom companies when it comes to when they have to implement the spectrum. If you buy it, basically what you're saying is use it or lose it, right?

Ms. Allison Lenehan: That's correct, yes.

Mr. Glenn Thibeault: Okay. Thank you.

Mr. Lord spoke a lot about the wireless code of conduct. Would CWTA be in favour of administrative monetary penalties to ensure that this code has some regulatory teeth if the telecom companies were to be breaching? Not that they would intentionally, but if something was happening, would that be something your organization would look at?

● (1650)

Mr. Bernard Lord: We don't think that's necessary. We are the advocates of the code. Keep in mind, the reason the CRTC held this hearing is because we asked for it. We are the ones who petitioned the CRTC to step in.

With the process that would be in place, we don't think at first that is necessary. The idea is to have a code that is the same across the country so that consumers across the country know what to expect from the carriers and carriers can live up to the same standards from coast to coast.

Mr. Glenn Thibeault: If the telecom companies, for one reason or another, don't live up to the code, what's in it for the consumer, then?

Mr. Bernard Lord: What's in it for the consumer is the consumer can file a complaint—as they can now, but the national code will make it easier and clearer for them—with the Commissioner for Complaints for Telecommunications Services, which is under the arm of the CRTC, and the CCTS can decide what actions a carrier has to take to remedy the situation, and that's there. If the same carrier has the same problem over and over again, there are other measures the CRTC can take. The law, as it stands now, has everything we need to do it. What we need is the code to administer it.

Mr. Glenn Thibeault: I've been hearing from some of the consumer groups from province to province that are in agreement that they would like to see a national code. But they've said they would like to see it encompass many of the regulations that have happened in Quebec, in Ontario, and in Manitoba, because they've been brought forward, but there hasn't been this wireless code in the past. Is that something your members would be in agreement with?

Mr. Bernard Lord: Simply put, we completely agree. We completely agree on that point, and that's the proposition we put forward to the CRTC.

In our voluntary code that we established three years ago, there were some things that were not included in there because legally we could not deal with it as a trade association. It would have been against the Competition Act. We could not talk about early termination fees among ourselves; you can't do that. But once there's a process in place, started by the CRTC or a provincial government, then those conversations happen.

The key thing is that we're not asking the CRTC to water down any code that exists now; we're asking them to take the highest standard and apply it across the country. In simple words, that's what we are proposing. We feel that having different rules from province to province only adds costs that are passed on to consumers. Let's have one set of rules. This is the bar; let's have that bar across the country.

Mr. Glenn Thibeault: I have 12 seconds.

You mentioned very briefly that you're looking at health care using smart phones. You need to look at a company called Carenet in Sudbury. They already have it established. They do great work. They sold it and are working with the Province of New Brunswick on it already.

Thank you for the 12-second plug.

The Chair: We should do commercials, actually. That's very good.

Mr. Braid, now, for five minutes.

Mr. Peter Braid: Thank you very much.

Mr. Warawa spoke so eloquently about BlackBerry being the champion of Canadian technology in this country, I don't need to today.

A voice: But you could again.

Mr. Peter Braid: I could again, and perhaps I just did.

Mr. Lord, you made reference to long-term evolution, or LTE, and I think you suggested that Canada currently has a leadership position, if you will, in terms of our deployment of LTE. Why is that?

Mr. Bernard Lord: I would say there are two main reasons for that. I want to make sure we're clear. We are deploying LTE currently in Canada. It doesn't cover the 99% population that has access to 3G, but that is coming.

There are two reasons for that. We have savvy consumers in Canada. Canadians love their wireless devices, and they want faster and better service. We have carriers and investors who are willing to make the investment.

Overall, we have an economic situation in Canada that enables us to do that. When you factor in those three things—the individuals, the private sector, and the environment, and the government policies that enable that—we want to make sure we can continue. We don't want to be held back because we run out of spectrum and there's too much demand for the spectrum that is available.

Mr. Peter Braid: That's a good segue to my next question.

In one of your recommendations you talked about the importance of the government considering the release of a spectrum plan. I presume that's beyond the 700 megahertz. Could you just educate us a little bit on what is beyond the 700-megahertz spectrum? What other areas of spectrum are there, and what might this plan look like?

● (1655)

Mr. Bernard Lord: There is a table that we'll provide to the committee.

I want to give credit to the officials in the government, and the government, because that work has started. I don't want to give the impression that we're starting with a blank page. That work has started, and it's essential.

My voice today is to lend support to accelerate that work. Let's not wait until the auction is over before we plan the next step. We already know we will need next steps.

I've heard today from Mr. Lenehan that we don't necessarily disagree on these things. As I like to say when people ask me about the position of the CWTA on spectrum auctions and the rules, well, some of our members like certain rules, other members like other rules, and we like all our members. That's your job, in the end.

What we agree on, and what all our members agree on, is that we need more spectrum and it should be auctioned off. How the auction is structured depends on the policy goals you want to meet.

Mr. Peter Braid: There's been some discussion, and I'm curious about this. If there's time, we'll go to Xplornet to elaborate on this.

But first I want to send this to you, Mr. Lord. We've had a discussion today about the role of government. I certainly agree that government has an important role to play. You mentioned areas of the country "where it's not economically feasible". Government has a role to play in helping to facilitate that.

Could you better define what areas of the country perhaps may not be "economically feasible"?

Mr. Bernard Lord: It really depends if we're talking about mobile wireless or fixed wireless. I've had this conversation with a predecessor at Xplornet. There are solutions out there where there may be no need for government subsidies or government intervention.

We're not here advocating for government subsidies or government interventions. We're saying that through the resources that are being paid to the government for access to spectrum, it provides you with a pool of money that you can use for the digital economy, if you want. There are places where the concentration, the density, is not there. To ask the private sector to deploy the same comparable service that you'll find in an urban setting is just not economically feasible, not when you're looking at mobile wireless.

Ms. C.J. Prudham: Could we respond to that?

The Chair: Yes, please.

Ms. C.J. Prudham: If you'll forgive me, this is a bit of a definition of insanity. The government has generously offered money on more than one occasion to try to ensure rural deployment in areas that are not economic. We could go back and look at the deferral accounts, where over $300 million was allocated through that process and hasn't resulted in appropriate deployment. We could talk about the $225 million for broadband in Canada. We could talk about the provincial programs. There has been lots of money.

We can tell you that every single location in Canada is economically feasible because we serve every single location in Canada. We're quite happy to do so; we can raise money to do so.

What we're politely saying is, please don't take that money from the spectrum auction and say we're going to help in the uneconomic areas. All you're doing is distorting the market and not solving the problem.

Mr. Bernard Lord: I want to be very clear. That's the difference between fixed wireless—where you're providing service to a home or a business—and mobile wireless. I'm not suggesting you should subsidize fixed wireless. I'm saying there are different technologies out there, and that has to be considered.

Thank you.

The Chair: We've completed the second round. We're going on to a third round now, starting with Mr. Carmichael for five minutes.

Mr. John Carmichael: Thank you, Chair.

This is an interesting discussion.

Mr. Lord, as we started today, you pulled out your device, and you talked about a phone being secondary and about all of the different services that are available on it. We've heard all kinds of plugs for the one manufacturer, which I support as well. But at the end of the day, as we sit here today, I wonder if we could just look ahead a bit. We've talked about spectrum, and we've talked about additional spectrum. What's coming down the road? What do the next couple of years look like in terms of the technologies? I'm not so much talking about the device technologies but about your challenges, both in wireless and at Xplornet, that we should be aware of.

Ms. Prudham, your comment on subsidizing urban areas was an interesting one. I hadn't heard that in any of our deliberations or from any of our witnesses that I am aware of.

●(1700)

Ms. C.J. Prudham: I'm sorry, are you saying urban? I wasn't suggesting—

Mr. John Carmichael: Sorry, I mean rural. That was interesting. I just wonder if you can give us a bit of a picture of where your challenges, that we should be aware of, are coming from so that we can help you with that.

Would anybody like to answer?

Mr. Allison Lenehan: Sure. Thank you. That's a great question.

I want to make sure we leave you guys with the right impression. We've made good progress, certainly, on broadband access in Canada, in our view.

We're here today more about looking forward and trying to get ahead of this. I think that's generally what we're all trying to do. I think Ms. Middleton hit it on the head when she talked about starting with what the problem is that we are trying to solve, because you can't necessarily solve the problem unless you've defined it properly.

Getting to the point, for us it comes back to what Canadians want to do in rural. That's the only thing we'll talk about, and we're focused on homes and businesses. For the foreseeable future, our view is for it to be faster, more affordable, and more robust, which is the volume component, because people in Canada have a great consumption of data, and that is excellent. We should continue to make supply available to meet that growing demand, because it's clearly what people want to do, both for personal consumer benefit as well as to meet the need for services of the government—health, education, and so on.

I think defining the problem is a great place to make sure we haven't missed anything. Otherwise we think, working closely with the government...we're zoned right in on the spectrum availability, keeping ahead of that, making it available, in our view, for rural broadband deployment—we'll let you guys worry about the urban piece—so that we give people faster, more affordable, more robust broadband to enable not only consumer but more mission-critical needs for businesses and government, which comes back to reliability and QoS, and so on. I think those have been covered to a large extent here today.

Mr. Bernard Lord: I would just answer that question by saying when you are looking at broadband Internet, more people access broadband Internet using a wireless mobile device than any other device. So if you want to talk about what's coming in the future, there will be more of that. That's the case in Canada, as it is around the world.

One statistic I was reading just recently kind of puts this into perspective: there are more people around the world who have access to a mobile phone, a mobile wireless device, than there are people who have access to running water or electricity. It just shows you that we still have a long way to go for other issues around the world. Maybe it shows us how fortunate we are in Canada when we put everything in perspective.

So what should we expect in the near future, in the next four to five years?

You'll have more consumers who will want faster speeds and more data consumption as they're moving from work to play to their home and anywhere in between. That's what they're looking for. You'll have wireless mobile devices that will enhance reality and give you even more information than ever before.

Mr. John Carmichael: Thank you.

Ms. Peters, did you want to jump in on this? You are good with that?

Ms. Middleton, do you have any comment on this?

Dr. Catherine Middleton: I'd like to reinforce the issue of adoption. I think a really important question here is how we can ensure that people understand the value of broadband networks to really enable socio-economic benefit and to enable participation in society. So it's more than just having access to speed. It's about understanding what to do with it and ensuring that people really have the capacity and the skills to participate in a digital economy.

The Chair: Thank you very much.

Actually, Mr. Lord, I heard about part of that study, too. Fewer people—a billion fewer—have access to a toilet than to a smart phone.

Now we go to Mr. Thibeault for five minutes.

Mr. Glenn Thibeault: Thank you, Mr. Chair.

I will be sharing my time with my colleagues, but I do have a question for Professor Middleton.

I believe it is 8 o'clock in the morning in Australia. Thank you for staying with us throughout these couple of hours.

Compared to some of our international counterparts, Canadian consumers seem to pay higher than average costs for broadband Internet access. I believe it was the CEO of Netflix who offered this famously referred to quotation, "It's almost a human rights violation what they're charging for Internet in Canada."

In your opinion, is the cost to consumers a symptom of a lack of real competition in the wireless markets? Have government policies done enough to encourage competition and drive down costs for consumers?

●(1705)

Dr. Catherine Middleton: You said specifically wireless. If you look at wireless broadband adoption and if you look at the OECD data, Canada is quite far behind some of the leading countries. More than 50% of broadband connections in Australia now are wireless connections. That is not true in Canada.

The question is, why is that? Certainly, I do believe that one of the issues is price. I'll give you a personal example. My family has a cottage on Lake Huron in Sarnia. I can see Michigan from my bedroom window. When I got there this summer, we didn't have broadband connected. It was cheaper for me to use my T-Mobile service—this is not T-Mobile here—than to get a wireless service from a Canadian provider. That gives you one personal anecdote.

There are lots of different ways of parsing the data, but most people who travel internationally, when they go somewhere else and see what's available elsewhere, would say our prices are higher for the kinds of services people need to consume.

Mr. Glenn Thibeault: Mr. Nantel, you had a question?

[*Translation*]

Mr. Pierre Nantel (Longueuil—Pierre-Boucher, NDP): Thank you, Mr. Chair.

First of all, I would like to thank you for welcoming me to this committee. I must recognize the very high quality of the witnesses. I congratulate them. They are very good.

Mr. Lord, I must congratulate you in particular because we are discussing access to the Internet from coast to coast. I believe you have achieved this in part. It is a process that is still underway in New Brunswick. I congratulate you for the initiative you launched when you were premier.

However, I would like to check something with Ms. Middleton, who is in Melbourne.

[*English*]

Do you have translation, Ms. Middleton?

Do you hear me? Obviously not.

Dr. Catherine Middleton: No, I didn't get the translation, nor did I get the French, so could you repeat the question?

Mr. Pierre Nantel: I'll speak English. No problem.

You are so far away, and for me the grand Australian experience is actually imposing, forcing a network of these Internet services to be available. Time flies, as we all know, and what Mr. Lord has done in New Brunswick and for what we want to do, time is a super factor.

At that time Australia went for hardwire, am I right? How is it going? If it were to be redone tomorrow, would they go wireless?

Dr. Catherine Middleton: No, I don't think so. Part of the Australian experience is showing that people are choosing to take high-speed connections that are provided to them on the national broadband network. At the moment, the rollout has not served a huge number of Australians yet, but those who are using the fixed broadband network are doing what was said by Mr. Lord. They are connecting lots of wireless devices in their own homes and they're finding the real value of having a 100-megabit-per-second connec-tion that allows them the capacity to connect iPad tablets, smart phones, laptops, everything.

The two are understood as being very complementary. So while the government here has chosen not to focus on wireless, the provision of a fixed broadband network is really facilitating the use of wireless devices in the home, and also over time, if people perhaps share their wireless networks, it will make it easier to use wireless networks away from home.

Mr. Pierre Nantel: Talking about this....

[*Translation*]

Mr. Lord, since you can hear me,

[*English*]

I'll speak in English, so that Ms. Middleton can hear.

Have you heard about all these CBC towers? Would that be of any interest to you?

Mr. Bernard Lord: Our members are always out looking for any site, and any towers that exist that are used, whether for wireless telecommunication or other telecommunication, or broadcasting. If they can co-locate and if it makes sense, they're happy to do so because their costs are lower.

I want to add just one thing. Ms. Middleton made reference to wireless data pricing, comparing the U.S. and Canada. There is more recent data that was published by the CRTC that shows that data pricing for wireless in Canada is in fact lower than in the U.S. today.

The Chair: By the way, colleagues, I'm going to continue until the bells go. The last person will be cut off when the bells go, but I'll get as many questioners in as I can.

Here's just a heads up, Mr. Easter, that you'll be coming up next after Mr. Braid.

Mr. Braid, you have five minutes.

Mr. Peter Braid: Thank you, Mr. Chair.

Ms. Peters, I want to ask a question about the CDMN, the Canadian Digital Media Network. You mentioned that there are 20 or 21 hubs across the country.

●(1710)

Ms. Avvey Peters: There are 21.

Mr. Peter Braid: Okay, there are 21.

A lot of the discussion today has focused on the importance of ensuring connectivity in not only urban Canada but in rural Canada as well. I'm just curious to know if any one of those 21 are in rural parts of Canada. Do any of those hubs touch rural Canada, and what benefit are those digital media hubs bringing to rural parts of the country?

Ms. Avvey Peters: Yes, and certainly the network has grown in the last year or so. Actually, some of our more recent additions have been in Sudbury, Ontario, and Hamilton, Ontario, communities that are not typically seen as technology centres but are starting to grow in significant digital capacity. They have in some cases a broader reach than just the particular centre in which the hub is located.

One of the reasons behind our establishing this particular network was to try to connect the capability across the country. As you know, we started the network with two hubs in Stratford and in Waterloo, but we have since reached out to parts of the country where we know there are organizations focused on helping digital media companies grow. The effort is really one of making sure that companies can find the resources they need, whether they're looking to raise capital, gain customer traction, or hire talent. The idea behind the network is that a company in Niagara-on-the-Lake can be connected with resources in Vancouver, if that's where the expertise it's looking for is located.

Mr. Peter Braid: Great.

Changing topics now, I don't think we've touched this afternoon on the notion of cloud computing. Could you speak to what role, if any, cloud computing may play in this wider discussion about broadband Internet, and the role that in fact cloud computing may play in further expanding access and connectivity?

Ms. Avvey Peters: I'm not an expert in cloud computing per se, but what I can say is that we're seeing more and more of the companies we're interacting with trying to take advantage of it as a means of growing their business. I was speaking with the folks at CANARIE a week or so ago. I understand their effort is now extending beyond supporting the computing needs of post-secondary institutions. They now have an offering for small and mid-size enterprise to use their network to take advantage of the power that cloud computing offers them from a business perspective.

I do think that many of the start-ups we work with and the mid-size companies are starting to look at that as an option.

Mr. Peter Braid: Great. Thank you.

Here is a question for you, Mr. Lord. You mentioned the CRTC wireless code of conduct. The public hearing phase ended recently. What are the next steps with respect to the creation of this code of conduct? When can we expect to see it, and what benefits do you anticipate it will bring?

Mr. Bernard Lord: The next steps are really in the hands of the CRTC, and we expect the CRTC to release its proposed code sometime this spring. We're looking forward to it. Then we'll work towards the implementation. The benefits will be to provide certainty for carriers and consumers alike, from coast to coast. That's really the benefit we're after. Canadian consumers, regardless of where they live, will be able to know what they can expect from their carriers, what the conditions are. If they want to enhance their service, end their service, or change their device, they'll know what to expect.

For carriers, the advantage will be to have the same set of rules from coast to coast. That way, when they develop national plans and national offerings, they'll know they'll be the same in Moncton, New Brunswick, or Roberval, Quebec, or Moose Jaw. It'll be the same, and that will be the advantage. We see this as a win-win for consumers and the carriers.

The Chair: Thank you very much, Mr. Lord and Mr. Braid.

Now we'll go on to Mr. Easter for five minutes, or bells.

● (1715)

Hon. Wayne Easter: Thank you, Mr. Chair.

Thank you again, folks.

Mr. Lenehan, I think it's about slide 14 in your package. It says:

> Without Rural Spectrum—No Rural Internet
>
> Unless spectrum is made available for fixed wireless access, rural Canadians are condemned to mobile Internet only

Your slide, in my view, is actually quite shocking. In my view, that slide is all about economic development in rural Canada. I guess in as short of an analysis as you can, can you tell me how we get there?

I'd just back that up, from the minutes of this committee, with Michael Geist being quoted as saying:

> If part of your economic strategy doesn't include a digital economy strategy, then I'd say you don't have an economic strategy.

I think that is bang on. The Government of Canada needs a national digital strategy as part of governing.

So how do we get there to ensure that rural Canadians have that availability?

Mr. Allison Lenehan: Those are great points. First of all, when I speak of "rural", the key point is economic development. Look at all the natural resources that reside in rural. It's such a critical component. So I agree with you that our digital strategy and our economic development are very aligned, at least with respect to rural broadband.

Secondly—and I want to make sure I'm very clear about this—we're pro the development of our mobile networks. Just keep in mind that when in rural—and that's what part of this presentation does—a lot of the mobile traffic is offloaded to fixed. In urban, that's fixed to a wire line. In rural, it's fixed to another wireless-related tower or satellite, which again shares the same form of spectrum, so you're sharing the same resource in rural that is different from urban, because most of your traffic is offloaded to wired.

I agree with you that economic development and our digital strategy are very aligned, and I look forward to the inclusion of rural broadband as part of that, because it taps into all of the development that's going on nationwide.

You can pick every province and territory, and we have such a growing development in every province and territory that is better developed if you are connected with more robust broadband. It's not just the people who are in those areas who need access to it, but the businesses that are taking advantage of all those natural resources are in fact requiring more and more robust broadband.

I'm not sure if that answers your question.

Hon. Wayne Easter: That's helpful.

Just on this area, you said that in order for the data to be moved, you're fixed to another wireless contact. When you're doing it twice like that, does that take up more spectrum?

Mr. Allison Lenehan: Yes, that's precisely on slide 13.

Hon. Wayne Easter: So in order for rural areas to do the same thing, we actually need more spectrum to do it. Is that what you're saying?

Mr. Allison Lenehan: Relatively speaking, there's no question, because while mobile broadband is growing in percentages a great deal, relatively speaking, it's still 2 gigabytes, and fixed is 20 gigabytes per home. On fixed, you're going to see that go to 60 to 70 gigabytes. So it's just the sheer amount of volume, which is also part of the offloading of mobile traffic. Even though you don't see it, each of those devices that you are using for mobile are in fact tapping into the fixed infrastructure to handle all that volume. In rural, it's sharing the same resource, which is spectrum. You're bang on when it comes to rural. We're sharing the same resource spectrum, whereas for urban that's not the case. You're offloading a lot of that to wire line.

Hon. Wayne Easter: One of the other comments, by Mr. Scott Smith, in the previous meeting is:

> ...roughly $4.2 trillion worth of business is available on the Internet economy right now, and Canada is not capturing what I would say is its fair share. Because of this lack of useful connectivity, it's passing us by.

Can anyone answer why that's happening?

● (1720)

The Chair: Mr. Easter, that would be nice, but I do have some clear guidelines.

Witnesses, I want to thank you very much for your participation. There were great answers to some very good questions.

Now we have to go off to vote.

Mr. Dan Harris: Have you offered them to submit—

The Chair: Yes, to that question or anything else, if you'd like to put some closing remarks in writing to the committee chair, please go ahead and do that.

The meeting is adjourned.