

House of Commons: Standing Committee on Finance
Pre-Budget Consultations in Advance of the 2018 Budget

Canadian Cable Systems Alliance Inc. (CCSA)

Oral Remarks

Halifax, October 17, 2017

Good morning and thank you for your invitation to appear today. I am Chris Edwards, Vice-President of Regulatory Affairs of the Canadian Cable Systems Alliance, known as CCSA.

CCSA represents some 125 cable, telephone and Internet companies that serve more than 1,200 communities from sea to sea to sea. Our members are community cooperatives, family-owned businesses, municipalities and First Nations. They provide communications services to rural and remote communities throughout Canada, including across the North.

CCSA has been very pleased to see that the government's \$500 million "Connect to Innovate" program has focused on providing broadband transport connections to rural and remote communities and that it also has included funding for "last mile" network builds. That is the right approach. We need to build the main connections and, then, encourage local entrepreneurs to extend networks out from those connections.

We recommend that the government continue and expand the "Connect to Innovate" funding program. Many more dollars are needed to meet the ultimate objective of connecting all Canadians, regardless of where they live. Expansion of the program would be a strong step toward accomplishing that goal.

Our key point today is that our members already operate networks that extend broadband service to Canadians at the edges of the existing terrestrial network. They are a vital and necessary component of a national broadband strategy.

Canada's fiscal policy should support the Government's objective of extending broadband service to all Canadians. That policy should leverage the existing networks, skills and entrepreneurial drive of these locally-based companies.

Current Government funding programs provide only for capital building projects. However, ongoing operational costs often present just as great a hurdle to network extension as the capital investment required.

As an example, capital project funding may enable a small cable company to extend its physical network to 250 new homes. However, the increased monthly wholesale cost of the additional broadband capacity needed to serve those new customers may still make the project unviable. There is no point in building an unsustainable network.

For that reason, it is important to consider how smaller companies that are willing to extend and improve their networks can be supported on an ongoing basis. That leads us to recommend that the Government should consider lowering the capital gains inclusion levels and the income taxation rates that apply to small businesses like those our members operate. In our written brief, we also recommended reduction of the business income tax rate to 9% and we are very pleased to see yesterday's announcement of that initiative.

We recognize the revenue implications that such measures have for the Government. For that reason, we favour targeted measures that relate directly to the successful execution of a national broadband strategy. As an example, small companies that invest in network improvements and extensions could be allowed to recover sales tax rebates for the equipment purchases they make to do that.

Similarly, there could be a sales tax rebate for the wholesale purchases of transport capacity that these smaller companies must make.

What we ask, then, is that the Government consider how targeted fiscal policies might be coordinated with and used to support Canada's broadband strategy. We ask that the Government, in making such policies, recognize the vital role that local entrepreneurs, with existing networks and expertise, can play in achieving Canada's broadband goals. We ask that those policies recognize the special ongoing economic challenges of sustaining networks in often rugged, spread-out and thinly populated areas.

The extension of broadband infrastructure and service to all Canadians is a critically important but daunting task. It requires efficient application of all the resources we can bring to bear. Locally-based, independent communications companies are an important existing resource. Canada's fiscal policy can and should be used to unlock the great potential such companies have to contribute to the success of Canada's goals for a modern digital economy.

Thank you for your time, and I would be happy to answer any questions you may have.