



Pre-Budget Submission

Presented to the Standing Committee on Finance of the House of Commons

August 2019

Background

The Canadian Communication Systems Alliance (CCSA) represents more than 110 Independent companies providing internet, TV & telephone services across Canada. They serve hundreds of thousands of customers in communities generally outside urban markets, from coast to coast to coast. They include community cooperatives, family businesses, municipalities and companies owned by Indigenous Peoples. They work and invest in their communities. They connect hundreds of thousands of Canadians who otherwise might not have access to these critical communications services. Our members invest in infrastructure in areas where the large communications companies do not. Therefore, in rural areas, CCSA members are sometimes the only source of essential communications services.

Recommendations

- 1. Commit to spending at least \$6.5 billion to support rural broadband**
- 2. Direct funding for broadband to smaller, locally-based companies which are already in the field**
- 3. Commit to imposing no new taxes or Canadian programming contribution obligations on Canadian ISPs**

Commit to spending at least \$6.5 billion to support rural broadband

Many Canadians outside of the major urban centres still do not have access to essential broadband services that are comparable to what people in urban areas have. In today's connected world, the continued investment in our broadband infrastructure and the removal of barriers to broadband deployment are crucial to Canada's global competitiveness and economic success.

The government has made important progress with its 5-year, \$500 million Connect to Innovate program. We welcomed the Government's commitment, in Budget 2019, to high-speed internet

and to spending \$1.7 billion in new investments in rural broadband over the next 10 years, including further investment in Connect to Innovate and in a new Universal Broadband Fund. We are also pleased that, in addition to focusing on extending ‘backbone’ infrastructure to underserved communities, the new Fund may also support ‘last mile’ connections to individual homes and businesses for the most difficult-to-reach communities.

In 2018 the CRTC established the \$750 million broadband fund to support projects in underserved areas. This fund was designed to complement the efforts of the federal government.

While this funding will certainly help, the federal Department of Industry, Science and Economic Development (ISED) has estimated that at least \$6.5 billion is needed to achieve the CRTC’s universal target speed of 50/10 Mbps in all areas of the country.

We recommend that the Government increase its commitment to spending at least \$6.5 billion to support rural broadband. This level of expenditure should allow for all Canadians to access 50/10 Mbps, regardless of where they live, in all areas of the country.

Direct funding for broadband to smaller, locally-based companies which are already in the field

Our second recommendation is that the government direct funding for broadband so as to leverage the expertise, resources and networks that local communication service providers have already established. Smaller, local ISPs throughout Canada have tremendous value to add in extending broadband services to rural areas. As successful entrepreneurs, local providers have the expertise to get the best results and they really know how to stretch every dollar they might get from government. Because they are “on the ground” in their communities, it is local service providers who best understand their communities’ needs. More importantly, it is local service providers who are the most motivated to provide the connectivity that their communities require to survive and thrive. That’s because they live in those communities, too.

Commit to imposing no new taxes or Canadian programming contribution obligations on Canadian ISPs

CCSA members, and the federal government through its *Connect to Innovate* program and new Universal Broadband Fund, are committed to providing broadband services to Canadians in an efficient and affordable manner. Our members and Canadian consumers are very supportive of the government's objective of extending broadband services to parts of the country that are currently under-served. Any new tax or contribution obligations aimed at the providers of those services would be harmful to this important objective. We therefore recommend that the government not impose any new tax or contribution obligations on Canadian internet service providers.