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Chair: Mrs. Sherry Romanado

Standing Committee on Industry, Science and Technology

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• (1105)

[English]

The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.)): Good morning everyone. I call this meeting to order.

Welcome to meeting 19 of the House of Commons Standing Committee on Industry, Science and Technology.

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

To ensure an orderly meeting, I would like to outline a few of the following rules. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of either floor, English or French. Please select the language for which you would like to have interpretation.

For members participating in person, proceed as you usually would when the whole committee is in person in the committee room. Keep in mind directives from the Board of Internal Economy regarding masking and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. Those in the room, your microphone will be controlled by the proceedings and verification officer.

A reminder that all comments by members and witnesses should be addressed through the chair. When you are not speaking, your microphone should be on mute. With regard to the speakers list, the committee clerk and I will do our best to maintain the order of speaking for all members, whether you are participating virtually or in person.

Pursuant to Standing Order 108(2), the committee is meeting today to resume its study on the accessibility and affordability of telecommunication services in Canada.

As is my normal practice, and for our witnesses, I will wave the yellow card for when you have 30 seconds remaining in your intervention. I will wave the red card for when your time is up. Please respect the time limits, so that we can get as many questions from our members, and responses from our witnesses.

I'd like to now welcome our guests with us today.

From Southwestern Integrated Fibre Technology, we have Barry Field, executive director.

[Translation]

We also have with us Pierre Karl Péladeau, president and chief executive officer of Quebecor Media, and Jean-François Pruneau, president and chief executive officer of Vidéotron.

[English]

With that, we will have the witnesses present for seven minutes, and then we'll go to rounds of questions.

Mr. Field, you have the floor for seven minutes.

Mr. Barry Field (Executive Director, Southwestern Integrated Fibre Technology): Thank you.

Madam Chair and honourable committee members, my name is Barry Field. I am the executive director of Southwestern Integrated Fibre Technology, commonly referred to as SWIFT.

SWIFT is a non-profit regional broadband program governed by the Western Ontario Wardens Caucus, the town of Caledon, Niagara Region and Waterloo Region. SWIFT's mandate is to eliminate the digital divide within southwestern Ontario, an area with a population of over three and a half million, representing 10% of Canada's population.

Thank you for this opportunity to participate in your important deliberations regarding accessibility and affordability of telecommunications services. While accessibility and affordability are both important components of this discussion, my area of concentration is accessibility, and I'll focus my comments accordingly.

SWIFT has recently completed the procurement phase of our first project, called SWIFT 1.0. The project is funded by the Governments of Canada and Ontario, each contributing \$64 million, and over \$20 million in contributions from our municipal members. SWIFT is grateful for these contributions and works diligently to ensure that these public funds are spent in the most effective, efficient and equitable means possible.

The primary goal of the SWIFT 1.0 project is to provide broadband services meeting or exceeding the CRTC's universal service objective to 50,000 underserved premises within the SWIFT catchment area, on or before June 2023.

Secondary goals include ensuring 3,100 kilometres of new fibre construction, and \$65.5 million in private sector investment in the form of contributions from the Internet service providers, or ISPs.

I'm excited to announce to you today that SWIFT has concluded the procurement phase of our project, has exceeded all these targets and is currently working with the ISPs to implement these important projects.

The SWIFT 1.0 project has exceeded the premise's target by 26%, the fibre construction target by 30% and the private sector investment target by 93%. By all measures, this regional project has been an overwhelming success. Yet a tremendous amount of work remains.

Through the development and execution of the SWIFT 1.0 program, we've learned several lessons. I'd like to pass them on to you today, in hopes of influencing the design of future broadband strategies.

First, one size does not fit all. There are geographic differences among regions in Canada, and they can't all be shoehorned into a single model. We need to consider differences in settlement patterns, availability of data and existing broadband market dynamics, to name a few.

In southwestern Ontario alone there are major cities, towns, villages, hamlets, clustered seasonal shoreline developments and mass expanses of low-density agrarian settlement. The variability of settlement patterns in combination with existing market dynamics has a substantial impact on who provides existing services and how they expand those services. The variability in these dynamics increases as you zoom out to the national level.

Second, all ISPs, regardless of their size, have a part to play in helping us solve this problem. In certain circumstances, the small ISPs are more willing and better suited to provide service to areas that larger ISPs are not. The proposed solution can't be designed to exclude the participation of small ISPs.

Third, all three levels of government must co-operate and work together to solve this problem. Competing programs at the federal, provincial and municipal levels make it difficult for ISPs to access funding, and do little to take advantage of opportunities to leverage contributions from all three levels of government.

Within southwestern Ontario today there are no fewer than five active government programs, all trying to solve the same problem in the same geography. The CRTC's broadband fund, the connect to innovate program, the universal broadband fund, Ontario's ICON program and the SWIFT program are all active. Combining the substantial contributions of all three levels of government would make it easier for the ISPs to participate and would leverage all those funds into a single, larger funding bucket.

Fourth, technology choices should be a regional consideration. Referring to my first comment that one size does not fit all, differences across geographies must be taken into account when determining the best technologies to consider when funding projects. The variability of settlement patterns and market dynamics among regions will influence the feasibility of filling the gap with fibre versus wireless and low-earth orbit, or LEO, technologies.

• (1110)

Finally, further funding is required by all levels of government. The combined contribution of all of the programs available today will not solve the problem. In southwestern Ontario alone, we require approximately \$1 billion worth of investment above and beyond the current programs in order to reach the target of 95% of the population served by 2026. The current commitment from the federal government, while substantial, is simply not enough to solve the problem.

Madam Chair, you've heard from other witnesses at this committee that Canada needs a coordinated broadband strategy. The current strategy, Canada's connectivity strategy, is well-intended and has solid elements; however, it's not being implemented in a coordinated manner to ensure effective, efficient and equitable outcomes across the country.

The existing federal approach of having multiple disjointed funding programs that are not aligned with provincial and municipal partners causes an overlap of responsibility, a duplication of effort on the part of the ISPs when applying for funding, and a duplication of administrative overhead. It risks having different programs funding the same projects, and it distracts the federal government from what should be its central role of providing equitable distribution of funds.

Like other infrastructure programs in Canada, funding for broadband programs should be transferred from the federal government to the provinces and territories, and they should be charged with coordinating contributions at the provincial and municipal levels in order to ensure that effective, efficient and equitable solutions are being implemented in their jurisdictions.

I thank you once again for the opportunity to speak here today, and I am happy to answer any questions you may have.

• (1115)

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

[*Translation*]

I now invite the representatives of Quebecor Media and Vidéotron to make their presentations. They'll have seven minutes each.

Mr. Pierre Karl Péladeau (President and Chief Executive Officer, Quebecor Media Inc.): Thank you, Madam Chair.

Good morning, hon. members.

My name is Pierre Karl Péladeau, and I'm the president and chief executive officer of Quebecor Media. Accompanying me today is Jean-François Pruneau, who is the president and chief executive officer of Vidéotron.

I'd like to thank you for inviting us to present our point of view.

Over the years, Quebecor and its 10,000 employees have demonstrated their firm and sustained commitment to Quebec's economic prosperity and the development of our regions. We have been doing so for decades and, obviously, we wish to continue along the same path. We have demonstrated this by the billions of dollars invested in our telecommunications networks. They have been able to meet the reliability and robustness required to power consumption, which, as you know, has been greatly strained by the increased needs related to teleworking, entertainment and the many online activities due to the COVID-19 pandemic. This is a sad time for Canada and all other countries.

At a time when we are in the midst of a debate over the use of networks by wired and wireless Internet resellers, who are contributing zero investment, we need to recognize the vital contribution of network builders to the Canadian economy. Our ongoing investments are proof that the current facilities-based competition approach to regulation is the right one. To cut it up, as some would have it, would be detrimental to Canada's investment and to Canada's continued economic development and productivity.

We will always be proponents of competition, as long as it is fair, as long as it is equitable, and as long as it is beneficial to all stakeholders in an industry. The same is true of Vidéotron's experience in wireless service. It was able to break the cartel of the three incumbent operators, and allowed Quebec consumers to benefit from the lowest prices in Canada.

In this regard, we would like to remind you that the Competition Bureau presented an unequivocal finding in November 2019: in regions where regional competitors with their own wireless networks and facilities, such as Vidéotron, have achieved a market share exceeding 5.5%, and prices are 35% to 40% lower than in the rest of Canada. This finding was recently corroborated in the report published on January 29 by Innovation, Science and Economic Development Canada on the evolution of wireless service prices, which shows that Quebec is the only province in the country to have reached, for almost all targeted packages, the 25% price reduction target set by the federal government for the end of 2019.

This tour de force was made possible by Vidéotron's customer experience and the performance of its network, both of which have won numerous industry awards.

Unlike resellers and their parasitic behaviour, which, I must insist once again, make a zero contribution to the investment, Vidéotron has invested more than \$1.5 billion in the construction and evolution of a network, as well as \$1.2 billion for the acquisition of mobile frequencies, thereby enriching the Canadian treasury. We wish to continue our investments so that even more Quebecers, particularly in the regions, can have access to high-speed Internet service at a fair price.

● (1120)

Unfortunately, we are facing opposition from Bell Canada, which is deliberately blocking access to the support infrastructure—the famous poles—that it owns because of the monopolistic legacy of the past. We aren't the only ones to say so, since Rogers, Cogeco, the Fédération québécoise des municipalités, Maskicom as well as several other regional county municipalities, or RCMs, and so on, have also denounced Bell's actions.

The impact of its anti-competitive behaviour is particularly serious. If the federal government doesn't take the necessary steps to bring Bell back into line, the ambitious goals of the new universal broadband fund to connect 98% of Canadians to high-speed Internet by 2026 and the entire population by 2030, will remain unattainable, and the digital divide between our rural and urban citizens will persist.

It's important to emphasize that this anti-competitive behaviour, constantly and frequently denounced, isn't limited to access to the support infrastructure of this national company, far from it. Indeed, whether by turning a blind eye to satellite television piracy in the 2000s or by refusing TVA Sports equivalent treatment to RDS in its cable television packages or, even more recently, by blocking Vidéotron's entry into Abitibi-Témiscamingue by any means possible, Bell's all-out anti-competitive behaviour is rooted in its business practices and stems from a monopolistic attitude.

Madam Chair, I understand my time is up.

We are, of course, ready to answer questions from committee members.

Thank you for your attention.

The Chair: Thank you very much.

[English]

We will start with a round of questions.

Our first round goes to MP Dreeshen. You have the floor for six minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much to everyone for being here today.

You know, the committee has heard a lot of testimony over the last year about some of the challenges that rural municipalities face in accessing adequate rural broadband services. We've heard from many witnesses that the larger players are simply not interested in servicing communities since the profit margins are not high enough.

There is just one comment I want to make. Today is Canada's Agriculture Day.

When you mentioned the low-density agrarian settlements, Mr. Field, I guess that's us farmers, because we certainly feel we're missing out in so many different ways. Adrienne Ivey has spoken to the status of women committee on issues of connectivity in rural areas of Canada. Cheryl Nagle, who has worked very hard on ag issues, has commented that her career has been heavily affected by poor Internet connectivity, and the idea that her kids would ever have to do school online gives her the shivers.

I think that's what we're looking at right now and that's why we are concerned about the plans. I believe, Mr. Field, you outlined some of those issues and the fact that the red tape associated with this certainly needs to be dealt with. We've heard from some of the regional ISPs interested in providing service to rural areas that they face challenges in getting reasonably priced access ratios on to the backbone networks. We've heard from municipalities that we really need to have some type of comprehensive plan.

I'm just wondering if you can flesh out some of those five points that you had before and talk about how we can make sure governments are working together, that they are working with companies, and that we really do get something out to the rural and remote parts of this country.

• (1125)

Mr. Barry Field: Thank you, sir. Absolutely, I'd love to talk about that.

First and foremost, one of the main points I made is that we have these different buckets of funding all trying to solve the same problem. I think if we stepped back and designed a program from scratch as to how to fund broadband mainly in rural regions of Canada, we would not develop the current system we have. It doesn't make sense in a lot of cases, and it's not the most efficient system.

I think what we need to do is for the federal, the provincial and the municipal governments to collaborate. I really believe that the funding, like other infrastructure projects in Canada, is no different. The funding should be transferred from the federal government, getting it as close to the communities as possible through the provinces and letting them decide how to execute the programs in their provinces.

Having said that, it is vitally important that we have participation from all sizes of ISPs. In the SWIFT program alone, it's interesting to note that we have awarded about 20% of our funding to the national carriers. That's a small amount of our funding. Then 25% went to what we call the medium regional types of carriers such as Cogeco, for example, and the remaining 55% went to small ISPs. I'm sure you've never heard of some of these ISPs.

The third largest recipient of SWIFT funding is a small company out of Holstein, Ontario called EH!tel Networks. I suspect most people on this committee have never heard of them. I hadn't heard about them before I started this role either. They're a very small ISP, but like many of the other small ISPs, they're willing to stand up and provide service in areas where there is no business case necessarily for the larger incumbents to do that.

I think it's a mistake to look down upon the larger ISPs. They're businesses. They're profit-driven businesses, and that's okay. What we need to do is develop programs that allow them to continue to do what they do, but do it in lower density areas.

Mr. Earl Dreeshen: Thank you.

I'm interested in another aspect of how the government process works, because I understand that, at the end of 2019, your organization filed an application to appeal what you refer to as the restrictive eligibility criteria currently used to determine access to federal

broadband funding. I believe you requested that changes be made to the exclusive use of the system used by Innovation, Science and Economic Development Canada to map served and underserved areas as the base for CRTC funding eligibility. Can you explain what the issue was there and how you've been trying to resolve that?

Mr. Barry Field: I would first comment that understanding the map, understanding where service exists today and where it doesn't exist today, is probably half of the challenge. It's extremely difficult work. There are many players providing services across the country, and to understand exactly who provides what and where is a challenge for any organization.

The situation that you refer to I think for the most part has been resolved. At the time the CRTC and ISED were using the hexagons in their mapping system to determine which areas would be funded and which would not. Effectively what that meant was, if there was a single household within a 25-square kilometre hexagon that received 50/10 services, that entire hexagon was not eligible. They've since—

• (1130)

The Chair: Unfortunately, Mr. Field, we're out of time. Perhaps you can pick it up on another round.

Our next round of questions goes to MP Jaczek.

You have the floor for six minutes.

Ms. Helena Jaczek (Markham—Stouffville, Lib.): Thank you very much, Madam Chair.

Thank you to our witnesses today.

Certainly what you've said definitely echoes what we've heard from other witnesses in terms of jurisdictional areas' funding from three levels of government. As a local MP, I have found it extremely challenging to know where various ratepayers groups should apply for funding.

Mr. Field, could you just elaborate a little bit more? You're talking about a transfer of funds from the federal level to the provincial level, which would then work with municipalities. I think, as we all know with COVID-19, the issue of broadband access really does have a national imperative or responsibility to a certain extent.

There has been a recommendation of a broadband czar at the federal level, as an example, to try to coordinate at least at the federal level what exactly is required in terms of access and affordability for Internet services across the country. How do you see your model in operational terms? How exactly would it work when you say the three levels need to collaborate, knowing full well that often it doesn't happen?

Mr. Barry Field: First and foremost, I think that transferring funds from the federal government to the provincial and municipal governments doesn't necessarily take away the role of the federal government. I think coordination is absolutely key to making sure that there is a coordinated plan across the country.

The existing SWIFT project right now is an example of that funding regime that I talked about. We're funded effectively in equal parts by the federal and the provincial government. The federal government, through Infrastructure Canada, provides funds to the provincial government. The provincial government has a contribution agreement with SWIFT, and they disburse the federal and the provincial funds to us.

In addition to that, the member municipalities of SWIFT have made a contribution in excess of \$20 million to the program, and that continues to grow. Effectively, they're all working together in that regime to provide funding, down to the regional level.

I'm sure it doesn't make sense to do regional projects in every case. In southwestern Ontario it absolutely does. We've shown that it can be effective. We have EORN in eastern Ontario. They have a regional project as well that's equally effective. In certain circumstances, there are benefits to pushing that money down to the regional programs.

Ms. Helena Jaczek: The federal government recently introduced a pathfinder program that was designed to assist applicants. Have you had any experience with that, and can you tell us what you think of it?

Mr. Barry Field: Pathfinder services is a program that's attached to the universal broadband fund. I think they call it a concierge service. It allows the ISPs, when they're applying for funding through the UBF, to call up and have somebody to talk to, to walk them through various issues they may be having.

That certainly works well within the UBF fund. I am currently working with Pelee Island here in southwestern Ontario to put an application in to the UBF fund, and we'd use that service, which is effective. I think we're talking at a higher level as to how we coordinate all of the various funds and monies that are out there into something that's more efficient.

Ms. Helena Jaczek: In other words, it would cover each of the various funds. In other words, the rapid response stream and these other buckets of funding.... It should be coordinated across all of those.

• (1135)

Mr. Barry Field: Absolutely.

Ms. Helena Jaczek: Mr. Field, you did emphasize that you were talking about accessibility. As you know, the study is to explore affordability as well. It strikes me that you are somewhat objective on the affordability issue.

Do you have any comments in terms of what the federal government might do to improve affordability? We've heard about the connecting families program.

Do you have any insights from the work you've been doing in southwestern Ontario?

Mr. Barry Field: Again, my forte is more on the accessibility side, but I do have some opinions.

First and foremost, by giving people access to networks, you are effectively handling part of the affordability issue. Right now, we hear from families in southwestern Ontario all the time who have two or three different cellphone plans because they have to tether their computer to a cellphone to get their broadband.

It's not uncommon for me to hear from people who are spending \$700, \$800, \$900, or up to \$1,000 a month just on their cellular bill because of this issue. By solving the accessibility issue, I think you are in fact helping to solve some of the affordability.

I do think competition is a good thing in driving down prices. Most of the funding that's out there today requires open access. I think that open access to networks that are funded by the various levels of government is important, and it needs to be done in a fair and transparent way.

The Chair: Thank you, Mr. Field.

[*Translation*]

Mr. Lemire, you have six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you very much, Madam Chair.

I'd like to thank the clerk for adding this meeting. The evidence that has been presented today is enormously relevant, and I think it will be very well reflected in our report. I thank Mr. Field and Mr. Péladeau.

Mr. Péladeau, what are the main obstacles to free competition faced by Vidéotron in terms of accessibility and affordability of telecommunications services in Quebec? You mentioned a few, but I'd like to take you a step further in this regard.

Mr. Pierre Karl Péladeau: Thank you for the question, Mr. Lemire.

I did mention this problem earlier. It's been around for decades, ever since Quebecor acquired Vidéotron in 2000. From the very beginning, the long-time operator has shown a real desire, to maintain its monopoly or, at the very least, its dominant position. Unfortunately, anything goes for it doing so.

In terms of the specific problem we've been facing for the past few years, Vidéotron is still doing what we call in our lingo network extensions. This involves extending our networks to ensure that we offer a high-quality product, particularly with respect to Internet service. The speaker from Southwestern Integrated Fibre Technology talked about this earlier.

Vidéotron's business and operating sector is significant in the Montreal, Québec City, Chicoutimi and Sherbrooke areas, where there is significant density and major investments. Outside of these centres, we're talking about service in the regions. However, this doesn't necessarily mean that it's a remote region, such as Chibougamau. The region can also refer to the south shore or the north shore. You can live 30 or 45 minutes away from an urban centre and not have access to high-speed Internet service, because the poles that make up the infrastructure don't belong to you. In Québec, the two major pole owners are Hydro-Québec and Bell Canada.

Mr. Sébastien Lemire: Mr. Péladeau, an article that appeared in the *Journal de Québec*, a media outlet belonging to the QMI Agency, states, "the war on poles is over," according to Québec City and Bell Canada.

What do you think about that statement?

Mr. Pierre Karl Péladeau: Allow me to use a popular expression used by another politician and say, "we'll see." Our words aren't necessarily as peremptory. The processes are extremely complicated, lengthy and tedious, and anything goes in blocking access to the poles, unfortunately.

The good news is that the Premier of Québec rose in the National Assembly—in the blue room—to question the president of Bell Canada a few months ago. I can honestly tell you that it isn't often that a business leader is questioned in this way by parliamentarians. That was tantamount to admitting the existence of such a practice. Did this challenge ultimately change the thinking of Bell Canada's management? We hope so. However, at this time, it's too early to conclude that it has.

As I mentioned, we want to invest, and we will continue to do so, to provide high-speed Internet service—a service that has become essential—for all Canadians, and particularly to Québeckers. We are committed to that goal. We have been, and we will continue to be.

There are currently no sanctions. Bell Canada reigns supreme because this company owns its infrastructures. In this regard, the regulator is only able to tell it that the company should do what's necessary for competition to provide services, but that doesn't work.

Bell Canada has always done so and, sad to say, the mentality of a kind of monopolistic culture is deeply rooted at Bell. Until proven otherwise, we can't conclude today that things will change to take a diametrically opposite direction.

• (1140)

Mr. Sébastien Lemire: Mr. Péladeau, I'm the member for the riding of Abitibi-Témiscamingue, which makes up 75% of the region.

Can you provide the people of Abitibi-Témiscamingue some examples of blatant obstruction attempts by Bell Canada and the conduct of the Canadian giant that are hindering the deployment and modernization of networks, to the detriment of businesses in my region?

How could the Government of Canada improve competition between the telecommunications networks in Canada?

Mr. Pierre Karl Péladeau: It is with great pleasure that I will answer your question. I'll then ask my colleague Jean-François Pruneau to give you more details.

As you probably know, Bell Canada had a monopoly for several years: it owned Télébec and had acquired Cablevision. It provided cable service, Internet access and wired telephone service, not to mention wireless service.

For over a year now, we've been looking to offer other services to Abitibians and all residents of the region. Once again, we have systematically encountered opposition. It was as if there was a desire to hinder us at all costs and to slow down our activities. Once authorization was obtained, the installation of the infrastructure was even more complicated.

The devil is sometimes in the details, and Mr. Pruneau will be able to provide you with some of them.

The Chair: Excuse me, Mr. Péladeau, but there isn't any time left in this round of questions.

Mr. Sébastien Lemire: May I add that since access to the poles was regulated, my Internet connection with Vidéotron, which was supposed to be in March, was made in January. The process was accelerated and we saved two months at home in Rouyn-Noranda.

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

[English]

Our next round of questions goes to MP Masse. You have the floor for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

I'll start with Mr. Péladeau.

What's Vidéotron's position on the recent CRTC decisions? Do you think that has advanced competition or has it limited competition?

Mr. Pierre Karl Péladeau: I guess the important point is—and it shows throughout the pandemic that Canada has been living—there was no such telecom company that was not able to offer a decent and robust service. This was very important for all people living in Canada, but also for the companies. It was important also because in this digital economy, productivity through the usage of network is of great importance.

As we say, the proof of the pudding is the eating. We've been there. We've been delivering quality service. There were no disruptions that we would expect. It shows that the telecom companies that are what we call network-based were there to deliver.

What the TPIAs, or the third party Internet service resellers, are offering is the usage of the network that had been highly invested to be able to cover...without having the proper investment. This is a system that, at the end of the day, is basically stopping the proper interest and the intention of telecom companies to continue to invest and to continue to make sure that all Canadians will be able to benefit from the best Internet service and the best telecommunications as a whole. It's not only on the wireline Internet, but it is also on the wireless side.

• (1145)

Mr. Brian Masse: In general, you don't believe, then, that the CRTC's decisions have been consistent to increase competition. I don't want to oversimplify it.

Without putting you on the spot, the question, quite frankly, is this: Do we need more government direction than just relying on the CRTC for direction to increase competition? If you could be real quick, I'd appreciate it, because I have a question for Mr. Field.

Mr. Pierre Karl Péladeau: I'll try to use an example. There was a cartel in the telecom business. They had three operators. Former minister Prentice, who was the minister at that time, decided that there would be competition. They set aside spectrum.

From there, you've been seeing other telecom companies being wireless operators. The result of all this is, despite the fact that this was an a significant investment.... Well, I guess I should not say despite. Because of the investment, the prices went down and competition came. It came because there was investment. It also comes because the companies pay a significant amount of money for buying and licensing the spectrum.

At the end of the day, what I see is that, yes, you need to make sure there will be competition, but fair and equitable competition with what we believe are facility-based operators. This is not what resellers are proposing.

Mr. Brian Masse: Thank you.

I'll move to Mr. Field.

I just want to acknowledge again that the spectrum situation brought in \$22 billion to \$26 billion of revenue for the government without a model that is workable, in my opinion.

Mr. Field, I want to go back to your testimony. I'm a little bit concerned with regard to how we create national expectations and support for broadband if we devolve everything to the provinces alone. I hear your concerns with regard to the equity in getting across the different areas, and SWIFT has been very unique in many respects and doing a lot of really good work for many things.

How do we guarantee a model that will be more pan-Canadian? I'll give a really quick example here. In Windsor, Ontario, we finished the 401 highway 17 kilometres before the actual border crossing, so for years a provincial, interconnected road connected 40,000 vehicles per day to the border crossings, which created a giant log-jam in traffic lights and so forth. It led to massive problems and billions of investment later.

How do we ensure there is going to be pan-Canadian support or principles if we just devolve everything mostly to the provinces?

Mr. Barry Field: Again, I go back to the comments about actually having coordination from the federal government. I think it's appropriate for them to coordinate and for them to provide their requirements if they're going to provide funding: what their requirements are, what outcomes they expect for their dollars, what they are focused on and what their priorities are. I think it's completely appropriate for that to happen.

By the way, that happened with the SWIFT project, as an example, right? The federal government said they wanted to make sure that they were connecting at least 300 named communities in the SWIFT program. It was a requirement that they put into their funding of it.

There are ways for the federal government to ensure their requirements are passed down to the provinces and to the municipalities.

Mr. Brian Masse: I only have a couple of minutes here, and then—I'm sorry, Madam Chair—I'll be leaving the meeting to go to the justice committee.

Mr. Field, I guess you'd be looking at outcomes and almost baking in an RFP for conditions and terms that could be measurable later on for the allocation of the funding, and then for consequences if they don't follow through with those measurables later on. Is that correct or is that an oversimplification?

Mr. Barry Field: It's simplified, but it's correct. Through the competitive nature of the RFP process that SWIFT has implemented, I think we've gotten better outcomes. We've gotten many more contributions from the private sector than we anticipated, and we contract with those ISPs to make sure they're actually delivering what they said they could, and we—

• (1150)

The Chair: My apologies, but you're a little over time. Thank you very much.

We'll now start our second round of questions. I'd really like to be able to give everyone a shot to get their questions in, so could you monitor the cards, please?

Our next round of questions goes to MP Baldinelli.

You have the floor for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Madam Chair, and thank you to the witnesses for appearing.

I want to follow up on that conversation that was just taking place between my colleague and Mr. Field on that notion of the role of the federal government, the issue of coordination and the important coordination role. There's also, in my opinion, that whole discussion of the equity on federal funding that's provided.

As we discussed with SWIFT being here, southwestern Ontario makes up about 10% of the under-served population, yet it has received no funding through the connect to innovate program, and there's a great fear the universal broadband fund will do the same. For that under-served population, that's a great concern. That's an important role for the federal government, not only in coordination and priorities, but in funding.

Our region of Niagara participates in this SWIFT model. I would suggest that the model, which utilizes a regional multi-government approach, has been tremendously successful.

Mr. Field, would you say that model brings out and fosters participation from the ISPs to service these low-density areas and communities? In fact, under your first tier, I think you actually got enhanced funding from the Internet service providers. Can you describe that?

Mr. Barry Field: In our first project, we nearly doubled. Effectively, we've doubled what we anticipated getting from the private sector or the ISPs. We've done that through the competitive nature of the program. We've allowed the big players, the Bells and the Rogers, to compete on an equal footing with the very small players, companies you've never heard of. We allow some of the very small localized companies in southwestern Ontario to compete on an equal footing. We don't favour the large ISPs.

When we do our evaluation criteria—which are extremely transparent, by the way—the ISPs putting in an application to the SWIFT program know their score by the time they put in their application. They can compare that to the outcomes when the projects are announced.

By allowing that competition between the small and the large players, we've been able to make it a very competitive environment.

Mr. Tony Baldinelli: Given the uniqueness of SWIFT as a model—it is one of the most efficient and cost-effective models to deliver broadband infrastructure projects over a large geographic area—would you suggest that it is a model to emulate?

Mr. Barry Field: I think, like in all models, there are probably aspects of it that could be emulated and used elsewhere, but I go back to one of my comments earlier today. It's not one size fits all. What works in southwestern Ontario may not work in northern Ontario. The settlement patterns alone in northern Ontario are vastly different from those in southwestern Ontario. There are aspects of different models that may work, including the SWIFT model. Some of those aspects could be transferred to other regions, but it's not necessarily so that we could carbon-copy the SWIFT model and it would work everywhere.

Mr. Tony Baldinelli: It's never been more evident than during this pandemic that increased Internet access services are required and in demand from members of the public.

You talked about now moving forward with a Swift 2.0 gigaproject. Can you provide a bit more detail on that, and what your plans and hopes are for that?

Mr. Barry Field: We've put in a proposal to both the federal and the provincial governments here in Ontario to fund what we call the Swift 2.0 gigaproject. The goal of that program is to provide gigabyte services to 95% of the population in southwestern Ontario within the Swift region. It's quite an expensive endeavour, of course, but we think it's well worth it.

The key principle behind the gigaproject is that we believe in providing fibre-based services to 95% of the population. You actually disperse fibre out into the rural areas down to the level at which the wireless providers—and other providers, given that it's

open access architecture—can actually grab on to the network and extend it to that last 5%. You may find you don't actually have to invest in that last 5% if you can get the fibre far enough out into the low-density rural areas.

• (1155)

Mr. Tony Baldinelli: Have you approached the federal government yet to discuss funding for that project, moving forward?

Mr. Barry Field: Yes, we have. We've put a proposal in to both ISED and the provincial government, and we hope we get funded for it.

The Chair: Thank you very much.

Our next round of questions goes to MP Jowhari. You have the floor for five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses. It's been quite informative.

Mr. Field, I will come back to you. You indicated in your opening remarks, as the second part of your comments, that all ISPs have to be part of the play. You talked about, if my notes and my memory hold correctly, having allocated 20% to the larger, 25% to the regional and about 55% to the much smaller, local ISPs.

What criteria did you use to make that allocation?

Mr. Barry Field: There wasn't any predefined allocation. That's just the way it worked out, and what that shows me is that the smaller players really stepped up to the plate and put very competitive proposals in to the program.

Doing it this way is a lot of work. It's much easier, quite frankly, just to give your money to one company and let it go away and try to solve the problem, but it's not as efficient. By allowing that competition and by allowing the smaller players to participate in the program, we've actually gotten better outcomes and we've certainly had more contribution from the private sector.

Mr. Majid Jowhari: It's fair to say, then, that it was an open process. You allowed that, and as the dice rolled, the way they landed was 20%, 25% and 55%.

Mr. Barry Field: Exactly.

Mr. Majid Jowhari: This signifies to me that the smaller ISPs are really stepping up, and you highlighted that in your comments. That's about twice as much as the others.

You also brought the concept of settlement patterns into it. In your previous comment you mentioned that this model might not apply to all regions, because the settlement pattern varies on a regional level. As we get further north, where it is much harder and there's not as strong a business case for us to be able to get the fibre backbone, what type of approach do you suggest? Do you still suggest the model you've suggested here, the open source? Will that help?

You also talked about technology choices, as your fourth element. You said the technology might vary depending on the region. Can you comment on the applicability of this model as a strategy, as we get to the northern and more remote and separated areas?

Mr. Barry Field: My knowledge base is southwestern Ontario. I know southwestern Ontario settlement patterns well, not so much the rest of Canada. That's part of my argument here, that the knowledge of what exists regionally and what's needed regionally is stronger than at a national level.

If you're talking about the SWIFT model and its applicability to other regions, again, elements of the SWIFT model could be applied to other jurisdictions. The technology piece goes to the heart of what I'm talking about. You can't say there's a mix of 80% fibre and 20% wireless in one region, therefore it's applicable across the country. You have to look at the specific nature of the region and develop a technology approach that makes sense for that region.

In northern Ontario—I'm speculating here—that mix of wireless might need to be higher or lower, depending on the situation, the point being that the regional companies, the regional municipalities there, know their needs better than I do sitting in southwestern Ontario.

Mr. Majid Jowhari: Thank you.

I have about 45 seconds, and I want to go to affordability. I do acknowledge that you said accessibility in that region is the area of your focus.

Can you share with us how affordability is being considered part of the solution? It's not only accessibility because I'm sure that cost plays a big role for the end consumer.

• (1200)

Mr. Barry Field: Within the SWIFT program we do touch on affordability a little. I'm very aware that I'm not a regulator and I have no authority to be a regulator, but we do have a contract with the ISPs for a period of seven years after they implement the network. We mandate in that contract that they offer a 50/10 package at a rate no more than, I believe, \$115. Don't quote me on that. It's very close to that, \$115 per month—

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

[*Translation*]

We'll now go to the next round of questions.

Mr. Lemire, you have two and a half minutes.

Mr. Sébastien Lemire: Thank you, Madam Chair.

Mr. Péladeau, you said that Bell Canada had used obstruction tactics. In your opinion, the federal and Quebec governments want to connect people through mechanisms that still favour the former monopolies.

Can the federal government adjust its mechanisms, its regulations, to stop favouring these former monopolies?

Mr. Pierre Karl Péladeau: Yes, you're right about the Quebec government. As I mentioned, it intervenes, but without any real ammunition, since this is an area of federal jurisdiction. This means that the Canadian Radio-television and Telecommunications Com-

mission, or CRTC, or the industry, meets with Bell Canada in a systematic way. Here and elsewhere, it would be a matter of using regulatory power to force Bell Canada to use the necessary means to promote competition.

Earlier, I had the opportunity to answer a question from your colleague regarding third-party Internet access services, or TPIA. The CRTC has effectively applied this in the case of resellers. So there is regulatory power, but you have to have the courage to use it. Competition drives prices down. This has been demonstrated for a long time. If we prevent the public from having access to other choices, and therefore to competition, prices will remain high and products will unfortunately continue to be of poor quality.

The infrastructure is owned by Bell Canada. I didn't necessarily have the opportunity to say this earlier, but here in Quebec, we can compare the situation. In fact, the pole infrastructure is owned by two companies: Hydro-Québec and Bell Canada. Why is it that we have no problem, or so little, with Hydro-Québec, with whom we don't compete because we don't sell electricity, but we have to deal all the time with the objections of Bell Canada, with whom we compete and who obviously prefers to sell the service? Bell Canada is always late. If it can hold back investment, unfortunately, it's the public who suffers the consequences.

Mr. Sébastien Lemire: I have one last question for you.

Programs exist at the federal level, at the CRTC and in the industry. There are quite a number of them, and it's quite complex. In some cases, there are specific aspects concerning indigenous people. There are also some in the Quebec government.

Wouldn't it be simpler for the federal government to send this money to the Quebec government and have it go to a service provider like you?

Mr. Pierre Karl Péladeau: I think Mr. Field also mentioned that. I would suggest that using a single regulatory authority would make the process much more efficient. Because these are technical issues, the more people involved, the more complicated it will be. Ultimately, this will help to slow down implementation.

Mr. Sébastien Lemire: Thank you very much.

The Chair: Thank you.

Mr. Boulerice, welcome to the committee. You have two and a half minutes.

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Madam Chair. It's a pleasure to be with you today.

Mr. Péladeau, I'm a proud customer of your new product, Helix. I imagine you'll be pleased to hear that.

You said that increased competition is driving prices down. As far as cellphone prices are concerned, I haven't had the impression in recent years that Quebecers and Canadians were well served by this increased competition, which was encouraged at the time by the Conservatives.

I want to talk about access to high-speed Internet service in certain regions of Quebec. Some of my colleagues said earlier that the pandemic and the need to telework has made high-speed Internet access a mandatory service, almost a public service that our businesses must offer. Everything we've done in the last few years hasn't worked. There are spaces and portions of territories where people don't have access to high-speed Internet.

Should we continue to do what we've been doing for the past 10 or 15 years, or should we put in place something a little more robust to serve our population, something that would require us to provide service in all regions?

• (1205)

Mr. Pierre Karl Péladeau: First of all, I'd like to thank you for your trust and loyalty. You've seen that the Helix service works with the remote control and voice recognition. I also have this service, coincidentally, and I think it's excellent.

You talked about access to Internet service, but there are other products that telecommunications companies are called upon to provide to consumers. One of them is cable television, which is extremely important because, as you probably know, it also funds Canadian television production. If the footprint of our cable operators diminishes day by day, the Canadian and Quebec audiovisual landscapes will shrink and become more fragile, unfortunately.

If I say that, it's because the investment effort is important. Vidéotron has always made them and wants to continue to do so. Does it cost more to build a door when you're 25 kilometres from the network? Of course it does. We try to do our best, but, as English-speakers would say,

[*English*]

there are only so many things a man can do.

[*Translation*]

We're going to continue to roll out our services. It's also important to mention that current customers, who always want more, want more throughput and speed. We've never let our customers down, and we intend to continue that trend.

The Chair: Mr. Généreux, you have five minutes.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Madam Chair.

First, I would like to apologize to the interpreters. Unfortunately, I have to work from my iPad and the audio is not the best.

Mr. Péladeau, thank you for joining us. When your competitor Bell Canada became aware of the CRTC decision in August 2019 to cap rates, the company threatened to reduce its investments by 20%, especially in rural areas. As you know, my constituency of Montmagny—L'Islet—Kamouraska—Rivière-du-Loup is in an area served in part by your company.

Did you also decide to reduce your expansion plans when you learned of the CRTC decision?

Mr. Pierre Karl Péladeau: You are right to mention that. In my presentation, I was able to describe the problem with the resellers. For decades, Quebec and Canada have benefited from a first-class telecommunications network. I feel that it is extremely important

for the productivity of our businesses, of which you have many in your constituency. You were also right to mention that Vidéotron offers a high-quality service to a part of your constituency. Our intention is to continue to serve the people of that region.

Investments have been made and others will have to be made in the future. If we are dealing with resellers, whose only mission is to be parasites on the system that those who developed it have invested in, it has an adverse effect on that ability to continue to invest in order to provide superior quality services to companies, to residents and to private individuals.

Mr. Bernard Généreux: I am sorry for interrupting you, Mr. Péladeau, but you are essentially saying that the main function of the parasites—actually I wouldn't call them parasites—the resellers, is not to invest in the infrastructure. It penalizes you, given that you do invest a lot in the infrastructures. Is that accurate?

Mr. Pierre Karl Péladeau: The government also wondered about the basis of the decision, that is whether the CRTC had used the appropriate tools. The point we wanted to make is that we are not necessarily against resellers existing, but the conditions under which they exist must be fair and equitable.

Unfortunately, the decision that was made resulted in those conditions not being met. You should also know that the same conditions don't actually apply to the resellers. It all needs to be reworked. I feel that the government has realized that. There must be some new thinking. We welcome competition, but the competition must not jeopardize the investment and the technological developments that will give the public the best quality product at the best possible price.

• (1210)

Mr. Bernard Généreux: I understand, but my constituency has 58 municipalities, of which about 15 are served by Vidéotron. Some of them have “backwaters”, if I may use that expression. These areas are quite big.

How much per month should those people pay for it to be really profitable to invest in those “backwaters” at the far ends of each municipality?

How much should they really have to pay to get Vidéotron's services, for example?

Mr. Pierre Karl Péladeau: First, there has to be access to the infrastructure. That's extremely important. Unfortunately, we are sometimes blocked because the infrastructure, meaning the poles, belongs to Bell Canada.

As we said earlier, programs do exist. The federal government has one. Quebec has the Régions branchées program, with which we are working to serve what I too will call the “backwaters”, because everyone knows what it means. Of course, the further away the backwaters are, the higher the cost to bring optical fibre to the users there.

How do we find a balance between government support and what the company is able to provide? Today, the modalities of the Régions branchées program are being discussed. We have spoken with Mr. Field about the conditions for requests for proposals, the calls for tender, that would ensure that the public receives the service. The same issues apply today with the Régions branchées program.

Mr. Bernard Généreux: Thank you.

The Chair: Thank you very much.

The floor now goes to Ms. Lambropoulos for five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Madam Chair.

My thanks to all the witnesses for taking part in today's meeting and for answering our questions.

Mr. Péladeau, I think that Mr. Lemire already asked this question, but you may have something to add.

You talked a lot about competition and its importance, and about the fact that Bell Canada often blocks you in some regions of Quebec.

What could the federal government do to unblock the situation, so that you can provide your services in all regions of Quebec? I know you have already answered the question to an extent, but do you have anything to add?

Mr. Pierre Karl Péladeau: I will repeat that the CRTC has tools, including a mechanism that allows them to call in witnesses and provide details of the problematic situation that we have to deal with. To this point, the CRTC has not seen fit to do that. Clearly, more pressure needs to be applied.

It is important to point out that Vidéotron is not the only telecommunications company affected. There are a number of others, including Cogeco and Maskicom. There are also cooperatives all over Quebec that have to deal with the same problems. In my opinion, that is why the CRTC should live up to its responsibilities, call in Bell Canada, and find ways to make the competition and the investments happen in a way that benefits Quebecers and Canadians.

Ms. Emmanuella Lambropoulos: Thank you very much.

During this pandemic, we are all depending on the Internet much more than we did before, we are using our cell phones much more, and we need a good connection at home.

During this pandemic, have you taken any steps to make the services more affordable for Quebecers and Canadians?

Mr. Pierre Karl Péladeau: Vidéotron has taken a lot of steps. Let me ask Jean-François Pruneau to answer that question.

Mr. Jean-François Pruneau (President and Chief Executive Officer, Vidéotron Itée): Thank you for the question, Ms. Lambropoulos.

We have implemented a number of measures to demonstrate our goodwill to our customers. For example, we removed the caps on Internet consumption on our wired services for about two months. People could have unlimited Internet usage even if their plan included a limit. We removed the caps on usage and our customers have been able to use their Internet connection with no limit.

We also removed the data usage limits on wireless services. We removed roaming fees, meaning when people are not on the Vidéotron network, and the cost of long-distance calls. We have implemented a number of measures to benefit our customers.

A year and a half or two years ago, we launched a second service called Fizz. The service offers much lower rates and our customers have used it a lot during this period, precisely because the rates are much lower. It's a completely digital model that costs us less and allows us to provide our customers with lower prices.

● (1215)

Ms. Emmanuella Lambropoulos: There is a federal program that connects Canadians in the greatest financial need at an affordable price. Do you participate in that program? Do Vidéotron or its companies use that program to provide services like that to those who need them?

Mr. Jean-François Pruneau: Thank you for the question.

We do indeed participate in the program. We offer a 10-megabit per second Internet connection with an upper limit of 100 gigabytes. It costs \$10.

Ms. Emmanuella Lambropoulos: In terms of competition, some small companies are not of the size of Vidéotron or Bell Canada. They do not really have any infrastructure capacity but they can still provide services to Quebecers and Canadians. Should we make things easier for those companies?

Mr. Pierre Karl Péladeau: We actually answered that. I would add that we have always believed in competition. In fact, we were resellers ourselves once. Back when we launched our wireless service, we used the Rogers network and the department required license holders to use their license. After a network is put in place, there must be some assurance that a significant investment will be made. If not, they are just parasites.

The Chair: Thank you very much.

[English]

That's the time for our witnesses today.

I would like to thank everyone for being with us today.

[*Translation*]

My thanks to the witnesses for being here and for their testimony. We are very grateful to them.

[*English*]

Members, please disconnect from Zoom, and reconnect in the in camera portion.

[*Proceedings continue in camera*]

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