



Ministry of Infrastructure

Minister: Minister Laurie Scott

Date: _____ August _____, 2020 @ _____ am

Location: Virtual Meeting

Delegation Brief:

Issues:

1. Rural Broadband Communications challenges of Wireless service versus the urgent need for Fibre capacity being delayed because of policy restrictions in place that is holding up SWIFT funding and private sector investment projects with the present "Wireless Served Community" policy.
2. What municipalities can do to reduce red tape and support least cost installation solutions to provide access to better locations to install cable/conduit in our road allowances. Our public spaces need to be leveraged as a benefit to support the least cost installations and expansion of fibre projects and increase broadband communications servicing capacity in our rural communities.

Background:

Fibre Funding Restrictions

Southgate Council approved at their June 17, 2020 a resolution to meet with the Minister of Infrastructure and Ministry staff at the 2020 AMO Virtual Conference to discuss the importance of Fibre project installations in rural areas along with our government policy concerns and issues that are presently restricting Fibre Broadband Communications investments are the following:

1. Wireless rural internet demand challenges in densely populated communities is not serving us well today;
2. The term "Served Community" and what it means in rural Southwestern Ontario communities today;
3. The use of the term "Served Community" in provincial policies that is restricting fibre investments in Southwestern Ontario communities;
4. Wireless service providers are making claims they deliver 50/10 service and at the same time without regard for a fair monthly user fee that suppresses use of the 50/10 service;
5. Suppressing the use of 50/10 service through high user fees allows those wireless only service providers to maintain more customers on a finite capacity system that is used today to hold off fibre funding and private sector investments that is creating an environment that promotes a proprietary/monopoly service area until the policy is changed;
6. The concern that some present wireless service designs with the increased consumption demand coming at us at a rate of 30 percent per year will degrade rural broadband internet service without timely fibre investments to support wireless towers and fibre to the home servicing; and



7. The importance of fibre investments today and that changes are required to fund Rural Broadband Communications growth without consideration of the available Wireless only service providers in Southwestern Ontario.

All rural municipalities in the SWIFT service area as well as across the Province have concerns about our present broadband capacity and the bigger concern of expansion to keep up to the growing public and technology demand requirements. It is no longer a question of rural broadband being a service feature for users, but it is now utility and recognized as a necessity to support rural homes, agriculture, businesses, communications, education/remote learning, financial transactions, home based offices, etc.

Least Cost Installation Solutions:

We believe the Ministry of Transportation, County and Lower Tier Municipalities need to work cooperatively with service provider businesses and contractors proposing fibre cable installation projects to find a least cost solutions to locate infrastructure in our road allowances.

Justification:

Fibre Funding Restrictions

With the present demand for service prior to the COVID-19 pandemic consumer demand for broadband service has been increasing by 30% per year. Since the changes caused by COVID-19 with increased working from home offices and virtual meetings the capacity demand has increased substantially creating a new business normal, that has changed the way we work and meet with others.

The most common internet service used today in rural communities is 10/2. Based on our past historical demand use in 7.4 years we will need 50/10 service as the common internet connection. The service demands since COVID-19 has increased use of broadband in 2020 by 50% to 60% or more making the wireless capacity window shorter by 2 to 3 years. The increased demand requirements for Video, 3D and Live Conferencing will put extreme pressure on our broadband capacity.

Wireless service providers want to protect their investment in technology and they are able to use the "Served Community" as a mechanism to control regions, charge higher rates for service and restrict longer term vision fibre project investments. The return on investment of a Wireless Tower project is 1 to 3 years based on customer connections. This is not what one would call a risky investment or a project that needs protection from competition or better services. Wireless service projects based on the short payback period can easily stand up to competition to survive if they were to establish monthly service charges based on their project investment. A fibre business plan is a longer term investment in excess of 20 years and requires external funding to make fibre installation a viable project.

Least Cost Installation Solutions:

The road allowances in the province and our communities are all publicly owned and should be leveraged to benefit of our ratepayers. The use of the road allowance



to locate fibre cable installations can greatly impact the cost of a project depending on where the infrastructure is located. As provincial, county/regional and municipal road authorities we just need to cooperate to best serve our communities with policies that would further leverage the benefits of government funding investments doing more.

Ministry Recommendations:

Funding for Projects

1. The Ministry should change policies related to the term "Served Community" and the restrictions of SWIFT not being able to fund new fibre installation projects because wireless broadband service providers claim they are presently delivering 50/10 internet speed today.
2. We suggest that a better strategy is to let wireless service providers fund their own expansions as they are using agriculture silos, existing towers and new antenna structures in communities which are smaller investments with a shorter payback on capital investments.
3. The **"New Served Community"** term should be a recognition when fibre optic communications cable infrastructure has been installed and is operational between communities to:
 - i. Ensure project planning by contractors and SWIFT does not leave community gaps;
 - ii. That fibre projects connect communities to increase backhaul capacity and better support wireless technology in future years as it becomes outdated; and
 - iii. Ensure service providers work with municipalities to make planning decision and capital investments to serve all rural areas with fibre capacity over the next 10 to 20 year horizon.

Least Cost Installation Solution Recommendations:

We have heard from contractors and industry experts that Road Authorities can play a major role in the cost of a fibre projects installation costs. Cables installed into the shoulder of the road reduces construction costs versus pushing the installation back to one meter off property line forcing installation into more difficult terrain, watercourses and wetlands. The challenges of the cable installation costs can be impacted by 200 to 300 percent depending on the area.

What can Road Authorities do?

- i. Work with service providers by agreement;
- ii. Take an interest in the project as a partner to support the success of the project;
- iii. Consider an ownership of the utility; and
- iv. We need to provide road allowance use policies that support affordable installation of fibre servicing of communities.