

Observations to the fourth report of the Standing Senate Committee on Transport and Communications (Bill S-242)

After five meetings with stakeholders on *Bill S-242, An Act to amend the Radiocommunication Act*, the Committee endorses the following observations from its members.

From Senator Bernadette Clement:

The study of Bill S-242 has increased our awareness that connectivity is a major problem in Canada. The world has become increasingly reliant on connectivity and the pandemic heightened this reliance. Access to quality internet and cell service is essential to education, healthcare, news, safety and security networks, and other essential services. This Committee recognizes that Indigenous communities are greatly affected by the lack of connectivity, which is a significant concern in Canada's reconciliation process.

According to the Auditor General of Canada's Report, *Connectivity in Rural and Remote Areas*, "90.9% of households had access to minimum connection speeds across Canada but only 42.9% of households on First Nations reserves had access at those speeds and only 59.5% of households in rural and remote areas had access at those speeds."

This Committee has been inspired by learning about other jurisdictions' spectrum initiatives to improve Indigenous communities' access to Internet and wireless services, such as the allocation of dedicated spectrum to Indigenous communities in the United States and in New Zealand.

Bill S-242 is a good contribution to the spectrum discussion and this topic has been neglected in political discussion for far too long. The Committee witnesses have pointed out that bill S-242 is a small piece of the puzzle. Many of the valuable suggestions from witnesses fell outside the scope of this bill.

"...we need to almost put a hard brake on while the status quo is what it is and figure out how we really deploy the spectrum and the resources through policy and through funding specifically in rural, remote, northern and Indigenous Canada" Madeleine Redfern, witness on March 21, 2023.

In recognition of the work done at this committee, we call on the Government of Canada to undertake an exhaustive review of spectrum policy in Canada to assess whether it achieves what we intend and how it advantages and disadvantages Canadians, with an emphasis on Indigenous communities. Specifically, we ask for the following:

- Examine the spectrum licensing auction model and licensing requirements
- Update to the 2007 Spectrum Policy Framework
- In consultation with Indigenous communities, develop an Indigenous spectrum strategy, with specific consideration given to Indigenous-dedicated spectrum

From Senator Dennis Patterson:

The Committee heard compelling evidence of a strong need to improve rural and remote connectivity and lower costs. The Committee agreed that in setting objectives and criteria in administering spectrum auctions, in addition to requiring proponents to utilize spectrum granted at auctions without unreasonable delay as is outlined in this legislation, there is a compelling need for additional government policies and incentives to encourage proponents to serve rural and remote regions.

The Committee heard witnesses who emphasized the importance of connectivity in providing vital services such as health and education, including the enhancement of language and culture in remote Indigenous communities. It also agrees that access to the internet is a right of citizenship in today's digital age. The Committee agrees that particularly in these areas, Indigenous - led participation should be sought and supported. The Government should develop incentives and policies that foster competition and facilitate the entry of Indigenous proponents, which may require additional supports such as alternative access to capital.

From Senator René Cormier:

1. The committee notes that, according to the information and testimony received, there is no official database of all undeployed spectrum in Canada.
2. The committee recognizes that Canada does not have a system to ensure transparency in the secondary market for licenses. Better regulation of the secondary market would be one way to address spectrum deployment issues in Canada, especially with respect to licenses already issued that are not covered by Bill S-242.
3. The committee observes that the spectrum management system by auction based on a competitive system is not well suited to the Canadian geographic and economic reality. According to Georg Serentschy, Managing Partner, Serentschy Advisory Services GmbH, as an individual,

“[C]ompetition is a proven economic tool to stimulate investment and innovation and lower consumer prices. However, the success of using this tool in urban areas in Canada has in some ways obscured the role of competition and led to a widespread misbelief that competition is a kind of silver bullet to solve all problems. Competition, however, is an economic concept that works only in cases with an economic basis. In the case of rural connectivity, the economic rationale for expansion is commonly lacking, and therefore pro-competitive measures do not help in these cases.”

From Senator Julie Miville-Dechêne:

The committee wishes to express its disappointment that the larger telecommunications companies, Bell, Rogers, Vidéotron and Telus, declined to testify in front of the committee.