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Item No. 2
Community Planning and Economic
Development Standing Committee
March 21, 2019

TO: Chair and Members of Community Planning and Economic Development
Standing Committee

Original Signed

SUBMITTED BY:

John Traves Q.C., Director, Legal, Insurance and Risk Management

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: January 30, 2019

SUBJECT: Update on Nova Scotia Internet Funding Trust

INFORMATION REPORT

ORIGIN

Staff-initiated report based on recent provincial activity.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

Power to expend money

79 (1) The Council may expend money required by the Municipality for:

... (ac) placing underground the wiring and other parts of a system for the supply or distribution of electricity, gas, steam or other source of energy or a telecommunications system;

... (m) promotion and attraction of institutions, industries and businesses, the stabilization and expansion of employment opportunities and the economic development of the Municipality;

... (av) a grant or contribution to ... (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province;

Business and industrial development

71(2) The Municipality may not grant a tax concession or other form of direct financial assistance to a business or industry.

BACKGROUND / DISCUSSION

In March 2018, the Province of Nova Scotia announced the investment of a \$120 million in the Nova Scotia Rural Internet Funding Trust. That month, the Nova Scotia Department of Business released its Middle Mile Strategy to support current and future high-speed Internet infrastructure across the province. The middle mile infrastructure is the segment of a telecommunications network that links the core to local last mile facilities. It is also known as backbone infrastructure and includes fibre and fibre access locations, which are commonly referred to as POPs (points of presence).

In May 2018, the Province released its Last Mile Strategy, a blueprint for connecting residents and businesses to POPs.

In July, *Waterfront Development Corp.* was renamed "Develop Nova Scotia" and made responsible for strategic economic infrastructure and property, including rural broadband development.

A [staff information report](#) for Regional Council's meeting on August 14, 2018 outlined: recent federal and provincial rural broadband decisions, strategies, and programs; issues HRM should consider when supporting rural broadband development; and, Develop Nova Scotia's upcoming work to engage stakeholders on the roll-out of its Nova Scotia Internet Funding Trust (NSIFT).

Throughout the summer, Develop Nova Scotia held a series of stakeholder engagement sessions with business, industry, community groups, and municipal stakeholders to provide and update on, and to inform, the NSIFT initiative's implementation strategy.

At the engagement session held in Truro on August 21, 2018, Develop Nova Scotia representatives indicated that the procurement process to implement rural broadband solutions across the province would begin in December 2018. It is thought that blanket coverage across the province as specified above will cost in the upper range of \$300M-\$500M.

Throughout December 2018, Develop Nova Scotia held another round of engagement sessions across the province, this time to inform stakeholders of the competitive process. At the session held on December 6th in Musquodoboit, Develop Nova Scotia stated that the Province had increased the NSIFT from \$120M to \$193M. DNS also reiterated NSIFT's goals:

- minimum coverage of 95% of populated properties locations;
- minimum download speed targets of 50 megabits per second for wired and 25 megabits per second for wireless service;
- timeline of two-to-five years to build and deploy the solutions;
- maximum private and minimum public investment;
- strong community engagement;
- subscription costs for rural customers to be on par with those of urban customers;
- an outcome-based (and not prescriptive) process;
- accountability of Internet Service Providers; and,
- ability for infrastructure to be leveraged for cellular coverage.

DNS is a member of a national committee responsible for developing a Canada-wide broadband implementation strategy. In so doing, it will ensure that the NSIFT leverages the broadband activities and funding opportunities of its two primary federal partners -- Innovation, Science, and Economic Development Canada whose mandate is to increase high-speed broadband coverage across Canada; and, the Canadian Radio-television and Telecommunications Commission, which is administering the Broadband Fund, a five-year \$750-million program to support fixed and mobile wireless broadband Internet service to underserved Canadians. In 2019, the CRTC will begin the competitive process to evaluate and select projects.

Develop Nova Scotia's [Request for Qualifications \(RFQ\)](#) was posted online on December 13, 2018. It invites Internet Service Providers, community-based organizations, municipalities, and First Nations interested in building, owning, and operating broadband systems to submit proposals to become "pre-qualified" -- to receive a potential subsequent solicitation from Develop Nova Scotia for the provision of High-speed Internet infrastructure and services. The RFQ submission deadline is March 13, 2019.

The RFQ release is the first step of the competitive process which entails the following phases:

1. a conference call between Develop Nova Scotia and interested respondents to answer questions;
2. evaluation of pre-qualification applications;
3. invitation to bid;
4. evaluation;
5. award of contracts;
6. finalization of contracts; and,
7. implementation.

Those entities that have pre-qualified will be invited to bid on implementing broadband in specified zones. These zones may not be county or municipal boundaries. Each zone will likely include areas that are relatively easy/inexpensive to connect and difficult/expensive to connect.

Develop Nova Scotia has the service coverage data it needs and is developing detailed infrastructure maps which are proprietary and cannot be shared.

Although the RFQ invites submissions from municipalities, HRM did not apply because it is prohibited from granting a tax concession or other form of direct financial assistance to a business or industry, and its authority to invest in broadband Internet is limited to the placement of underground wiring, as per the Halifax Charter. Legislative authority aside, staff would not advise that HRM build, own, or manage rural broadband, given the considerable associated risks and the lack of capacity within the organization.

In summer 2018, the Nova Scotia Department of Municipal Affairs consulted with municipalities regarding amending the Halifax Charter and MGA to make municipal spending authority more flexible, thereby allowing municipalities to invest in broadband initiatives. No amendments have been made.

DNS has indicated that it is in the process of determining the mechanism by which it could solicit municipal financial contributions for projects. This will be determined in consultation with pre-qualified applicants and key stakeholders (potential funders), including HRM.

Develop Nova Scotia understands that this is a large-scale undertaking. Much still needs to be learned and timelines will likely change. Plans are that contracts will be signed between October 2019 and June 2020, and projects will begin the first half of 2020. It is anticipated that province-wide broadband coverage will take two-to-five years to accomplish.

Develop Nova Scotia is forming a Community Liaison Committee of eight-to-ten people representing business, the Regional Enterprise Networks, municipal officials and administrators, and First Nations. DNS is working with the Association of Municipal Administrators Nova Scotia and the Nova Scotia Federation of Municipalities in the nomination of some committee members. The committee will be an advisory body with no decision-making power (it will not jury the bids).

HRM staff will continue to be engaged on this file and report back to Regional Council as needed.

FINANCIAL IMPLICATIONS

There are no financial implications at this time. However, if Regional Council were to consider funding the expansion of high-speed Internet to underserved areas in the municipality, the costs could be considerable. A financial analysis would be provided at that time.

COMMUNITY ENGAGEMENT

Staff attended Develop Nova Scotia's engagement sessions with key stakeholders in Truro in August and in Musquodoboit in December.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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