



## Telecom Order CRTC 2021-329

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Ottawa, 1 October 2021

*Public record: 1011-NOC2019-0372*

### **Broadband Fund – Acceptance of statement of work for the Kativik Regional Government’s transport fibre project in northern Quebec**

#### **Background**

1. In *Broadband Fund – Project funding approval for the Kativik Regional Government’s transport fibre project in northern Quebec*, Telecom Decision CRTC 2021-105, 19 March 2021 (Telecom Decision 2021-105), the Commission awarded up to \$36,256,366 to the Kativik Regional Government (KRG) for the project proposed in its application filed in response to the second call for applications for funding from the Broadband Fund. On 22 March 2021, the Commission received written acceptance of this funding award from the KRG.
2. On 20 June 2021, the Commission received the KRG’s proposed statement of work, including the information package regarding its transport fibre project in northern Quebec (the project).

#### **Commission’s analysis and determinations**

##### **The KRG’s request for an increase in funding**

3. During the development of its statement of work, the KRG submitted a request for a \$1,413,094 increase in funding for the project. The KRG submitted that this increase was a result of increased equipment costs due to factors that could not have been anticipated when it submitted its application, such as disruptions in supply chains, increased costs of materials, and an increase in demand for limited fibre optic equipment.
4. The Commission considers that this request constitutes a material change to the project. The Commission is satisfied that this request is well supported in the particular circumstances of this project. Specifically, the Commission considers that both the scale and location of the project – which will serve remote communities in northern Quebec – have exacerbated the factors cited by the KRG. Furthermore, the KRG has demonstrated a commitment to use Broadband Fund resources efficiently. Accordingly, the Commission determines that the request is well supported and therefore approves funding for up to \$37,669,460 for the project.

##### **Approval of the statement of work**

5. In accordance with Telecom Decision 2021-105, the KRG submitted a finalized statement of work and associated documents. Given the unique situation of the KRG,

including public tender requirements, the KRG could not include all required details. The Commission recognizes this, and having reviewed the documents submitted, approves the finalized statement of work with the following condition:

- Within 90 days of its network equipment vendor selection under the public tendering process, the KRG must submit updated versions of their project solution workbook, logical network diagram, and project budget workbook, all of which must detail the exact equipment selected through the public tendering process. The equipment must fall into the generic categories provided, and must not exceed the dollar amount included in the statement of work.
6. Further, the Commission reminds the KRG of the requirement in Telecom Decision 2021-105 to ensure compliance with the Government of Canada's national security requirements to address any potential risks related to the overall integrity of network security.
  7. The Commission will provide the statement of work separately and in confidence to the KRG.
  8. Provided that the KRG complies with all conditions of funding set out in Telecom Decision 2021-105, constructs the project as described in Schedule A: Statement of Work, and complies with all procedural requirements to submit reports, invoices, and requests for funding, the Commission will direct the Central Fund Administrator to make payments to the KRG in respect of the project. Failure to comply with these conditions and requirements could result in funding being delayed or not being disbursed.
  9. The KRG is required to submit, quarterly, a progress report and expense claim beginning no later than **30 December 2021** or as otherwise agreed to with the Commission, and every **three months** thereafter until the project is completed.
  10. Further, in accordance with the Commission's determinations in Telecom Decision 2021-105, the KRG must offer and provide broadband services using facilities funded through the Broadband Fund once the infrastructure is built, as committed to in its application and approved in Schedule B: Project Services.

## Policy Directions

11. The 2006 Policy Direction<sup>1</sup> and the 2019 Policy Direction<sup>2</sup> (collectively, the Policy Directions) state that the Commission, in exercising its powers and performing its duties under the *Telecommunications Act* (the Act), shall implement the telecommunications policy objectives set out in section 7 of the Act, in accordance with the considerations set

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<sup>1</sup> *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

<sup>2</sup> *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

out therein,<sup>3</sup> and should specify how its decisions can, as applicable, promote competition, affordability, consumer interests, and innovation.

12. The Commission considers that its approval of funding from the Broadband Fund for the project described in this order is consistent with the Policy Directions. Specifically, the decision to allocate funding towards improving broadband services in northern Quebec will help to close the gap in connectivity in underserved areas and will respond to the social and economic needs of consumers. In doing so, this order will implement the telecommunications policy objectives, including those set out in paragraphs 7(a), (b), and (h) of the Act.<sup>4</sup>

Secretary General

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<sup>3</sup> The relevant considerations are subparagraph 1(a)(i) of the 2006 Policy Direction, which states that the Commission should rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives, and paragraph 1(a) of the 2019 Policy Direction, which states that the Commission should consider how its decisions can promote competition, affordability, consumer interests and innovation.

<sup>4</sup> The cited policy objectives of the Act are 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; (b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; and (h) to respond to the economic and social requirements of users of telecommunications services.