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**REPORT TITLE: Intergovernmental Partnership to Improve Digital Infrastructure and Address the Digital Divide**

**FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services**

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## **RECOMMENDATION**

**That the Region of Peel endorse the advocacy positions as outlined in the report of the Chief Financial Officer and Commissioner of Corporate Services, listed on the April 14, 2022 Regional Council Agenda titled “Intergovernmental Partnership to Improve Digital Infrastructure and Address the Digital Divide”;**

**And further that a copy of the report be shared with the local councils of Brampton, Caledon, and Mississauga as well as the Federation of Canadian Municipalities and the Association of Municipalities of Ontario.**

## **REPORT HIGHLIGHTS**

- Access to high-speed internet is necessary for residents to equitably participate in the economy and in day-to-day life. The inability to access high-speed internet impairs residents' ability to participate in the economy, receive essential services such as education and healthcare, and participate fully in their communities. The pandemic has highlighted the need for more adequate, accessible, and affordable internet services.
- The digital divide is the gap between households who have reliable and affordable access to digital technologies and the internet, and those who do not.
- Despite significant federal and provincial government investments in expanding rural digital infrastructure as well as programs that lower costs for low-income households, urban and rural communities are both impacted by the digital divide.
- In urban areas, it's an issue of affordability and lower quality services in communities where internet service providers (ISPs) lack incentives to invest in high capacity and costly infrastructure.  
In rural areas, there is often a lack of primary digital infrastructure necessary to connect households to high-speed internet. When high-speed internet is not available, households turn to cellular service. Use of cellular service can become an affordability issue with high rates.
- Targeted investments are needed in broadband across the Greater Toronto and Hamilton Area (GTHA) urban and rural communities, including incremental investments into urban areas that are not currently benefiting from provincial and federal funding for improved digital infrastructure.
- Municipal, provincial, and federal governments have an opportunity to partner with each other and the private sector to bridge the digital divide and better enable residents to participate in the economic and social fabric of the GTHA.

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- Municipalities can leverage municipally-owned fibre in partnership with the broader public and private sectors while ensuring deployment in the right-of-way continues to balance multiple policy objectives.
  - The provincial and federal governments can enable the Region of Peel to address the digital divide through improved digital infrastructure and by making policy changes and investments that will improve digital connectivity for residents and businesses.
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### **DISCUSSION**

#### **1. Background**

##### **a) Municipalities across the Greater Toronto and Hamilton Area are collectively working together**

Digital equality – the equal opportunity for all individuals to benefit from the economic, social, and educational potential of digital technologies and internet connectivity is very important to the health and well-being of our residents and communities. Precarious and unaffordable internet connectivity makes finding employment, obtaining education, and accessing essential services more challenging. It compounds the risk of broader, knock-on costs associated with poverty, including costs absorbed by healthcare, social, and housing services.

Digital access and affordability barriers correlate to underlying issues of social equity with low-income, racialized, and elderly communities having fewer options for reliable broadband access available to them. The COVID-19 pandemic has highlighted and amplified the consequences of precarious and insufficient access to household internet with significant costs absorbed by public schools and libraries through their efforts to bridge connectivity gaps in low-income communities.

Municipalities across the GTHA are collectively working together by looking at digital equity, accessibility, and affordability, improving service delivery and economic competitiveness. These two groups have identified opportunities to advocate to the provincial and federal governments to improve digital infrastructure and close the digital divide.

##### **b) Community and resident stories amplify the need to advocate**

Through community leaders and partners, GTHA municipalities have been collecting community and resident stories of the digital divide issues faced within the GTHA. Community leaders and partners include Caledon Community Services, Region of Peel's Community Response Table, Peel's Newcomer Strategy Group, Central West Ontario Health Team Digital Advisory Group and Alliance for Healthier Communities.

Community and resident stories highlight that:

- Families on fixed incomes, such as Ontario Works or Ontario Disability Support Program, are forced to make difficult decisions between rent, food, and the internet.
- Low-income households are often forced to choose between fixed or mobile connectivity when faced with combined costs that exceed their ability to pay.

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- The cost of connectivity is not equitable across the GTHA, with some residents in remote locations forced to use expensive cellular services because wired internet services are poor quality or non-existent.
- While internet service providers offer reduced rate programs for low-income households, these services do not support the download and upload speeds to support working remotely or participate in online schooling.
- During lockdowns, families with no internet service found the only way for their children to participate in online school was to take their van full of kids – even in inclement weather – to the local public library or restaurant and remain in their parked cars and access the Wi-Fi services of these establishments.
- The digital divide can create heightened feelings of isolation. Community members such as newcomers can become disengaged with places of worship and community culture centres when they have no means to join virtually. Seniors living in long-term care feel isolated when they cannot have in-person visits with loved ones and have no access to a computer to connect virtually.
- Community organizations face barriers in delivering services to their clients when the community organization itself cannot access high-speed internet.

### **2. Findings**

#### **a) Municipal role**

Municipalities can play a vital role in achieving digital equality, and ensuring their communities are well served. By adopting a forward-looking policy position that recognizes broadband internet as an essential utility service that must be available regardless of financial means or circumstances. This role is not meant to oversee, compete with, or duplicate the activities of incumbent ISPs, which are strictly regulated by the federal government.

Adopting the principle that broadband internet is an essential utility service like access to hydro signals a municipality's intention to leverage its assets and expertise in public service delivery. To work within the CRTC's regulatory framework in an effort to enhance local competition and support digital access for communities in need.

Municipal staff across the GTHA have been having focused discussions and working together to determine how the GTHA can best address the digital divide, in partnership with other governments and the private sector.

### **3. Proposed direction – provincial & federal government changes to address the digital divide**

GTHA municipalities have identified key policy, legislative and regulatory changes that could be made by the provincial and federal governments to better enable all governments to address the digital divide.

They have outlined the following key requests of the Governments of Ontario and Canada.

#### **a) Invest in the GTHA**

There is an opportunity for the provincial and federal governments to ensure that incremental investments in broadband are made in urban areas and directed to fill gaps

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in the GTHA. Residents in urban centres also face significant barriers to obtaining and maintaining household connectivity. Affordability in urban areas remains problematic, with low-income households (>\$30,000 per year) devoting an average of 10 per cent of their incomes to maintaining connectivity (Communications Monitoring Report, 2019; Brookfield Institute, 2021).

While governments have implemented programs to provide more affordable internet services to low-income households, these often take the form of discounted service packages with reduced internet speeds. These initiatives have not been sufficient to meaningfully address the affordability challenge faced by many households. Private ISP's have no obligations to maintain these programs over the long-term, posing a risk for low-income households who may come to depend on them.

The federal government's Connectivity Strategy has set 50/10 Mbps (upload/download) as a minimum speed for Canadians. Many residents in the GTHA receive speeds below this minimum. So, there are opportunities to make investments in broadband infrastructure in the GTHA to improve broadband access, quality, and affordability.

See Appendix I (maps of Internet Speeds across the GTHA) for more information on the existing digital infrastructure.

### **b) Enable municipalities to invest in and use existing fibre more effectively**

GTHA municipalities own broadband fibre and have identified and mapped municipally owned fibre that may be leveraged to help close the digital divide. The purpose and use of municipally-owned fibre varies across the region.

Some municipalities primarily utilize their fibre to support municipal operations, such as transit systems and traffic management systems. Other municipalities have developed delivery models that allow private internet service providers to lease the use of municipally-owned fibre to provide high-speed internet services to residents without the ISPs incurring the significant costs of deploying "middle mile" fibre infrastructure. These cost savings can then be passed on to the customer. Open access models such as this, are examples of public sector investments being leveraged to provide affordable high-speed internet to residents. Municipalities are not taking on the role of an ISP, but rather working within the existing competitive market to enhance competition and lower costs.

The identification of provincially owned fibre at hospitals, universities, colleges, and regional transit can be leveraged to help close the digital divide. The provincial government could play a leadership role by supporting the identification and mapping of this fibre. Further, the Province could work with municipalities to leverage collectively owned fibre and work in partnership with Internet Service Providers (ISPs) to address the digital divide.

Internet service disconnections resulting from inability-to-pay are problematic, especially for low-income households with children. Research indicates internet service disconnections can compromise a low-income household's ability to work within already strained household budgets. Cities do not have access to this data from ISPs. This inhibits municipalities' ability to make data-informed decisions on how to most effectively leverage municipal resources and municipally-owned fibre to address the digital divide.

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Having access into ISPs assets, internet speeds available across the region, and data on service terminations,

Moreover, municipalities do not have access to local level data on assets, internet speeds, and service terminations/collection activities. This inhibits their ability to make data-informed decisions on how to most effectively leverage municipally-owned fibre to address the digital divide. Municipalities would be in a better position to invest in and use municipally-owned fibre more effectively if the federal government, in cooperation with internet service providers (ISPs), collects and shares this data with municipalities. Having access to this data, along with mapping of provincially owned fibre, would better enable municipalities to make targeted investments and work with service providers more effectively to ensure residents receive adequate internet connectivity. The competitive interests of ISPs – who benefit from significant investments of public capital and resources – can still be maintained with data sharing agreements containing appropriate non-disclosure provisions.

### **c) Ensure that new developments include digital infrastructure**

GTHA residents and businesses would also benefit from the provincial government embedding internet connectivity as a legislative requirement for all new developments. This could be achieved by amending Section 41 (Site Plan Approval) and Section 51 (Subdivision Approval) of the *Planning Act*. Developers currently submit development coordination plans, but there is no requirement for this plan to include details about how a new development will be connected to the internet. Currently, developers may negotiate exclusive access agreements with preferred ISPs, which reduces competition and options available to residents. In the case of multi-unit dwellings, these agreements risk contravening provisions in the *Telecommunications Act* meant to prevent anti-competitive practices. These amendments to the *Planning Act* would ensure that all developments have proper connectivity.

Amending the *Planning Act* Section 41, Site Plan Approval, and Section 51, Subdivision Approval to require internet connectivity as a component of development approvals would give municipalities the ability to ensure all new development includes the digital infrastructure that residents and businesses need to thrive and compete in the digital economy.

Well planned developments typically include adequate internet connectivity; however, making it a requirement would ensure high-speed internet in all new developments and prevent anti-competitive practices. New, innovative technology, such as 5G, will require expansive hard-wired fibre optic connectivity. This proactive requirement would avoid further risk to already congested public rights-of-way, particularly in the region's downtowns and urban centres.

Given the essential nature of an internet connection, it is important that connectivity be recognized as an important planning feature, in the same way that municipalities plan for other essential infrastructure such as sewer and water connections. Adding connectivity to the planning approval process will also enable municipalities to help deliver on key provincial policy objectives including remote delivery of health care services and accelerated access to justice with expansion of remote hearings and digital case management.

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### d) Define broadband as an essential utility service

Municipalities across the GTHA have stressed the need of the federal government to declare access to high-speed internet an essential utility service, regardless of financial means. Such a declaration is most effective coming from the CRTC, as opposed to provincial or municipal governments who have little to no regulatory authority in telecommunications. The CRTC has the most impactful legislative and policy tools available to ensure access. In 2016, CRTC defined broadband as a "basic" service, signalling the commission's intention that the service should be universally available to households. However, the CRTC did not exercise its authority to direct network deployments and has not compelled ISPs to provide broadband to all households. By declaring broadband access as an essential utility service, it would be given the importance of other services deemed vital to health, safety, and societal functioning, and provide a rationale for direct statutory intervention in its provisioning and pricing.

## 4. Summary of proposed advocacy positions

To achieve the objectives to improve digital infrastructure and address the digital divide the following advocacy positions are proposed:

The Government of Ontario:

- Under the *Building Broadband Faster Act* and the Ontario Connects program, ensure that incremental investments in broadband from other orders of government are made in under served areas and directed to fill gaps in the GTHA.
- Ensure all communities, including the GTHA, have access to reliable high-speed internet by the end of 2025. For the GTHA, it would help build better infrastructure faster, strengthen communities and boost local economies.
- Identify provincially and federally owned fibre assets that can be leveraged to help close the digital divide – such as schools, hospitals, and traffic corridors.
- Amend Section 41 (Site Plan Approval) and Section 51 (Subdivision Approval) of the *Planning Act* to embed internet connectivity as a requirement for all development.

The Government of Canada:

- Ensure that incremental investments in broadband from other orders of government are made in under served areas and directed to fill gaps in the GTHA.
- Declare high-speed internet as an essential utility service, including a definition for affordability that combines fixed and mobile costs as a percentage of household income.
- Collect and share local level data on assets, internet speeds, and service terminations/collection activities, in cooperation with internet service providers (ISPs).
- Enable municipalities to more easily promote access to their fibre for public and private services by requesting the CRTC to define municipal entities as a special class of carrier subject to conditional exemption from the *Telecommunications Act*.

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### **CONCLUSION**

The COVID-19 global pandemic has made the past two years of working, learning, and living difficult without access to digital technology and internet access. Municipalities across the GTHA are collectively working together to address the digital divide as we move out of the pandemic. Listening to the community and resident stories about the digital divide, the GTHA municipalities want to make improvements. Through partnership and advocacy, improvements in digital equity, accessibility, and affordability, service delivery and economic competitiveness can be realized.

### **APPENDICES**

Appendix I – Intergovernmental Partnership to Improve Digital Infrastructure and Address the Digital Divide Internet Speeds across the GTHA

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*Authored By: Steve Van de Ven, Director, IT Operations*