

# RMA Issue Backgrounder – Funding for Broadband

*This article is the second of a four-part series.*

## Why is funding required for broadband projects?

Building broadband networks is expensive. While the cost differs depending on the distribution technology chosen, all methods require a significant capital investment. Because rural areas have relatively small populations spread over large areas, there are fewer customers requiring a greater investment to reach than in urban areas. Therefore, the business case for a private internet service provider (ISP) to provide service or investment in rural areas is lower than in urban areas.

## What funding programs are available?

There is a long history of public funding to promote broadband development in underserved and unserved regions. It is worth noting that these funding opportunities are designed to incentivize private ISPs to develop broadband in rural and remote areas that they would otherwise be unlikely to provide service to due to the lack of a business case. While municipalities and First Nations are eligible under some programs, the majority of the funding flows through the private sector.

- ◆ **Universal Broadband Fund (UBF)** – the Government of Canada’s UBF makes \$2.75 billion in funding available for broadband projects across the country. This includes \$750 million for a rapid response stream, which has accounted for the UBF projects announced to date. The Government of Alberta has also contributed \$390 million in funding for projects in Alberta, which will be matched by \$390 million from the Government of Canada and administered through the UBF.
- ◆ **CRTC’s Broadband Fund** – while this fund is closed for applications, projects continue to be announced using this funding. \$750 million was made available through the CRTC’s broadband fund to bridge the urban-rural digital divide.
- ◆ **Canada Infrastructure Bank** – The Canada Infrastructure Bank does not provide grant funding, but does provide loans for large broadband infrastructure projects. \$3 billion is available from the Bank for loans.
- ◆ **Low Earth Orbit Satellite** - \$600 million of the UBF is set aside to support low earth orbit satellite internet. This technology will be primarily used in areas that are difficult to serve using other technologies.
- ◆ **Connect to Innovate** – Connect to Innovate provides \$585 million in funding beginning in 2016 and ending in 2023. This fund was established primarily to support the backbone of broadband – building infrastructure connecting communities, although some funding was used for connecting individual buildings.
- ◆ **First Nation Infrastructure Fund** - this fund makes funding available to First Nations for infrastructure projects, including broadband. Notably, off-reserve projects may be considered if the project partners with a municipality.
- ◆ **Investing in Canada Program – Rural and Northern Communities Infrastructure Stream** – this fund provides infrastructure funding to rural and northern communities on a variety of projects. This includes broadband infrastructure projects.

## What is the RMA doing regarding advocacy on broadband funding?

The RMA is advocating for rural broadband funding in multiple ways:

- ◆ Most historic and existing funding programs make it difficult for municipalities to apply for direct funding because the program parameters require a municipality to have experience as an ISP or to partner with an ISP. Both of these scenarios are difficult without existing municipal capacity and funding. The RMA is advocating for programs to consider this and find ways to allow municipalities to have the option of playing a more direct role in broadband development while ensuring the funding is used to maximize outcomes.
- ◆ Where funding is awarded is critical for bridging the urban-rural digital divide and increasing rural internet speeds. However, how the RMA defines “rural” does not always align with how funding agencies define rural. For example, the RMA considers its members rural, while the federal government would also include towns, villages, and small cities. Therefore, funding for “rural” communities could be allocated to projects within urban municipalities. The RMA advocates for funding to be prioritized for truly rural areas that are much less likely to see private investment.

## Have questions?

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