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BRIEFING NOTE TO THE DEPUTY MINISTER OF INFRASTRUCTURE AND COMMUNITIES

UPDATE ON NUNAVUT'S REVIEW OF ALTERNATIVE ROUTES FOR ITS FIBRE OPTIC CABLE PROJECT

(For Information)

PURPOSE

This note provides an update on the Nunavut Undersea Fibre Optic Cable Project, including consideration by the Government of Nunavut (GN) of alternative routes connecting to cable projects in northern Quebec.

A similar note is being provided to the Deputy Minister of Innovation, Science and Economic Development (ISED).

SUMMARY

- The Government of Nunavut is engaged in discussions with the Kativik Regional Government (in northern Quebec) to determine if a connection to their fibre optic cables would be a better alternative than the approved route from Greenland.
- The alternative routing could improve the project by reducing capital costs and bringing service to additional communities, but a decision on technical compatibility will need to be made within the next few weeks in order to keep the project on schedule.

CONTEXT AND KEY FACTS

- The Nunavut Undersea Fibre Optic Cable Project is intended to improve high speed broadband internet service to residents, business, and government services in the communities of Iqaluit and Kimmirut in the territory of Nunavut.
- [REDACTED] and announced by Minister Jordan on August 19, 2019. The project was approved under the Investing in Canada Infrastructure Program (ICIP) – Rural and Northern Communities Infrastructure stream (RNIS). The total project cost is \$203,167,753 (total eligible cost is \$201,617,753) and the federal contribution is \$151,213,315. The project will use the Government of Nunavut's entire RNIS allocation under ICIP.

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- The approved project consists of the installation of 1700 km of undersea fibre optic cable across the Davis Strait from Nuuk, Greenland to Baffin Island, Nunavut. “Last mile” connections to end users in the target communities will be supplied by Internet Service Providers to be contracted by the GN at a later date.
- The project was originally intended to begin procurement in fall 2019 with contract award in February 2020. Service was expected to commence in 2022; however these dates have been delayed a year while the GN reconsiders the route.

CONSIDERATIONS

- Following federal approval, the GN informed the Government of Canada that it was conducting a review of the route due to concerns raised by the Department of Fisheries and Oceans over the impact on an undersea conservation area, as well as due to uncertainty over the ability to reach acceptable commercial terms with TeleGreenland. As a result of the route review, GN officials indicated that the project would be delayed a year.
- The GN has investigated four alternative routes. It has rejected two – a connection down the Labrador Coast to Milton, Newfoundland and a connection across the top of Hudson Bay to Churchill, Manitoba – as both these alternatives are longer than the approved route and the cost would likely exceed the approved funding.
- The other two alternatives have been retained for further consideration. Both these alternatives involve linking to projects under development by the Kativik Regional Government (KRG), the Indigenous-led municipal government in northern Quebec. The alternatives include:
 - A connection to the northern end of a project under construction along the Hudson Bay coast of Quebec. KRG has secured \$125.7M in funding (\$62.6M federal, \$62.6M provincial, \$0.5M KRG) under the ISED Connect to Innovate program to extend cable from Chisasibi north to Puvirnituk.
 - A connection to a planned project which would extend broadband service from Schefferville up the centre of Quebec to Kuujjuaq on Ungava Bay. KRG has secured \$8M in ISED funding to provide intermediate capacity microwave-based service.

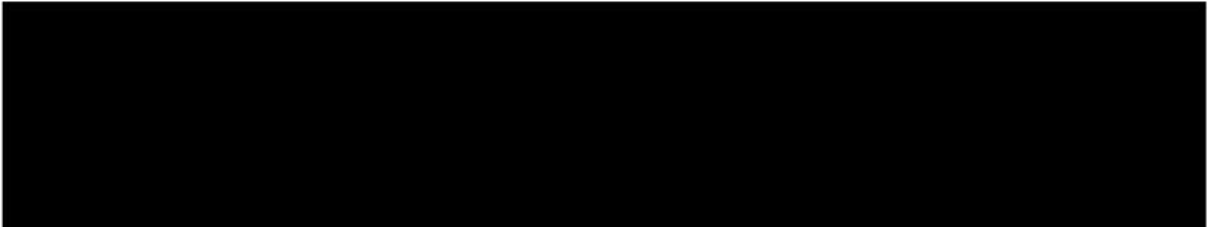
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- The GN's preliminary assessment of these two remaining alternatives is that there are a number of potential advantages over the approved Greenland connection:
 - Reduced capital cost, potentially enabling the GN to return ICIP funds to its RNIS allocation and allowing additional projects to proceed.
 - Opportunity to deliver fibre-based broadband connectivity to additional communities in Nunavut or the KRG (northern Quebec).
 - Opportunity to provide an "all-Canadian" solution, with reduced risk of security concerns, ability to use Canadian Internet Service Providers, and easier ability to further extend throughout northern Canada in the future.
 - Opportunity to provide future system redundancy through additional connections between KRG and Nunavut systems.
- A non-disclosure agreement between the GN and KRG was signed in June 2020 to allow each party to exchange technical information and enable a determination of whether the projects are compatible. As the GN intends to issue its tender in fall 2020, it has indicated that it will need to make a preliminary assessment by the end of July 2020. If the assessment is negative, or if their analysis is incomplete, it would likely cease discussions with KRG and proceed with the approved project connecting to Greenland as the sole option.
- INFC and ISED officials will brief the Province of Quebec on the project in an effort to highlight the opportunity to extend broadband service to additional communities in northern Quebec.

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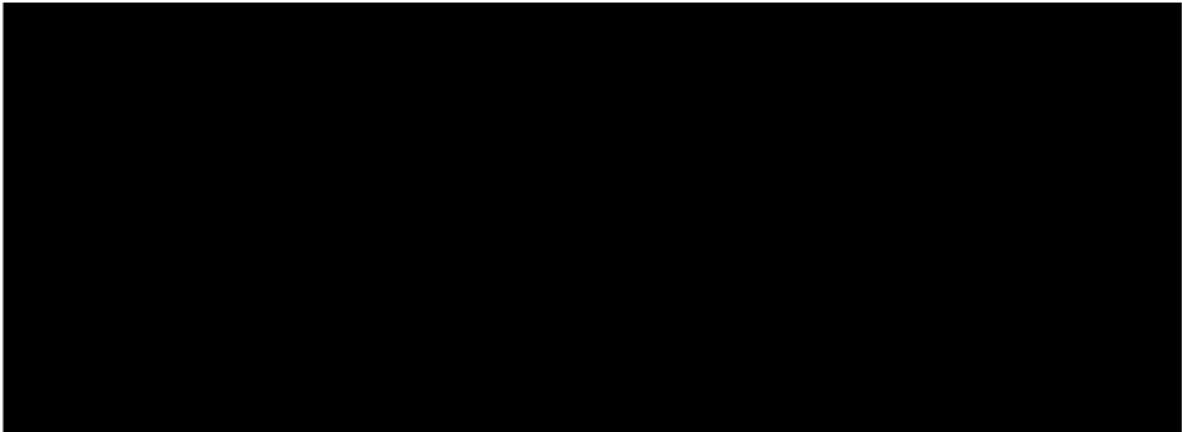
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- Any discussions between the GN and KRG on commercial arrangements would likely be complex, involving elements such as:
 - Final route location and communities to be served;
 - Cost sharing for the main cable and branching units to coastal communities in Nunavut and/or Quebec;
 - Ownership of the cable and other assets;
 - Contractual arrangements with Internet Service Providers;
 - Allocation of operating costs and revenues;
 - Allocation of bandwidth;
 - Funding sources (capital and operating); and
 - Responsibility for project delivery.

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 INFC officials will support and monitor these discussions.


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NEXT STEPS

- INFC and ISED officials are setting up a meeting in July with Quebec to discuss the potential opportunities associated with a connection from Nunavut to one of the KRG projects under development in northern Quebec.

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| Alison O'Leary Assistant Deputy Minister Program Operations Branch | | July 14 th , 2020 Date |