

**Industry Canada
Broadband for Rural and Northern Development
Pilot Program (BRAND)**

Backgrounder

Industry Canada announced on September 5, 2002 the \$105-million Broadband for Rural and Northern Development Pilot Program (BRAND). This program uses a competitive process to bring broadband services to Canadian communities that currently have no high-speed Internet service. Priority will be given to First Nations, northern, rural and remote communities, where improved access is often necessary to provide or improve services in areas such as education, health and economic development.

Broadband refers to high-capacity Internet connections between users and suppliers and is currently delivered through cable, satellite and digital subscriber lines (DSL). Broadband has the potential to greatly enhance quality of life through applications such as telemedicine, distance education and improved e-commerce business opportunities. This Pilot Program will help Canadian communities currently without broadband technology develop a community-based strategy for implementing this innovative technology.

The BRAND Program will disperse up to \$30,000 or 50% of eligible costs (whichever is less) in funds directly to "community champions," for the development of business plans. These community champion not-for-profit organizations will act as sponsors to organize and develop business plans on behalf of eligible communities. Community champions are community-based, legally incorporated, not-for-profit Canadian organizations. They will be the legal entities accountable for the successful development and potential implementation of the business plans and must have the legal authority to enter into contracts with the Government of Canada. Please note, provincial and territorial governments are not eligible to receive funding to develop business plans, however they are eligible to receive funding to implement business plans.

For a community to be considered eligible under the BRAND Program, it currently must have no publicly available broadband infrastructure capable of meeting its broadband needs. Typically, these are communities where Digital Subscriber Line (DSL) or cable modem access is not already available to the public. Again, priority will be given to First Nations, northern, rural and remote communities.

The community and other supporting organizations are required to cover at least 50 percent of the eligible costs on a cash and/or "in kind" basis. Matching contributions may be provided by the community itself, by federal departments, other levels of government, the private sector, foundations, non-profit organizations, individuals and volunteers within the community.

In order to allow communities an opportunity to offset a lack of funds, eligible "in kind" contributions include those goods, services or fixed assets, which, if not contributed, would normally be purchased and paid for by the recipient. It would include, but is not limited to, volunteer labour and donations of office space or equipment. The value of these contributions will be determined by standard accounting practices. "In kind" contributions provided prior to funding approval will

not be eligible. Once business plans are completed and submitted, communities may be eligible to receive additional funding subject to the quality of submissions and availability of funds, through a second competitive process, to assist in the implementation of their business plans.

The BRAND Program will be delivered in two competitive rounds. The first round started with the launch of the Program in Fall 2002 and is followed by a second round beginning in Winter 2003.

| | First Round | Second Round |
|---|--------------------|---------------------|
| Deadline for Submission of Proposals | October 31, 2002 | March 28, 2003 |
| Announcement of Selected Proposals | January 2003 | Summer 2003 |
| Deadline for Submission of Business Plans | May 22, 2003 | October 2003 |
| Announcement of Selected Business Plans | Fall 2003 | Winter 2004 |

All submissions for funding components will be assessed by an independent National Selection Committee (NSC) that will also consider input from the provinces and territories in rating submissions from their respective regions. Final selections will be made by the Minister of Industry on the advice of the NSC.

The applications are assessed and evaluated using the following criteria:

- *competency* - the experience and/or ability of the applicant to successfully implement the business plan and complete the project in a timely manner;
- *commitment* - the plan to bring together stakeholders and, where feasible and desirable, neighbouring communities, to combine their demand for telecommunications services that will thereby enhance the sustainability of the proposed broadband facilities;
- *community need* - anticipated requirements, uses and expected benefits resulting from broadband access; and
- *current facilities or suppliers* - the degree of connectivity currently available in the community concerned.

The completed business plans will be assessed based on the following criteria: competitiveness, community engagement, management, need and sustainability.

BRAND First Round Business Plan Development Funding

Out of the 222 submissions received nationally, 89 were successful in the first round of the business plan development funding competition. Consequently, the Program will provide feedback to communities that were unsuccessful in this round should they want to re-apply in round two.

Recipients of business plan development funding will produce their business plans by May 22, 2003, to compete for business plan implementation funding.

89 organizations representing approximately 1149 communities will receive up to \$30,000 each to develop business plans that will outline their vision for the application of high-speed Internet services.

Provincial Breakdown

| Province/Territory | Proposals Selected | Total Funding (rounded to nearest thousand) | Number of Communities Represented | Total First Nations Communities |
|---------------------------|---------------------------|--|--|--|
| Alberta | 3 | \$66000 | 6 | 1 |
| British Columbia | 16 | \$459000 | 208 | 51 |
| Manitoba | 10 | \$264000 | 108 | 18 |
| New Brunswick | 1 | \$30000 | (*) | - |
| Newfoundland and Labrador | 8 | \$216000 | 146 | 0 |
| Northwest Territories | 5 | \$133000 | 43 | 0 |
| Nova Scotia | 5 | \$150000 | 113 | 3 |
| Nunavut | 1 | \$30000 | 25 | 0 |
| Ontario | 18 | \$493000 | 220 | 42 |
| Prince Edward Island | 4 | \$118000 | 32 | 1 |
| Quebec | 13 | \$357000 | 187 | 18 |
| Saskatchewan | 5 | \$118000 | 61 | 22 |
| Yukon Territory | 0 | 0 | 0 | 0 |
| Total | 89 | \$2434000 | 1149 | 156 |

(*) The sole submission from New Brunswick proposes to work with local Community Future Development Corporations (CFDC) to submit a business plan covering the entire rural region of New Brunswick.

Through community meetings held in Parrsboro and Amherst, CREDA was selected to act as the community champion and submit an application on behalf of interested communities in Cumberland County. A small committee consisting of county council members, local IT business proprietors, community representatives, and CREDA staff was formed with the task of preparing the application within a very short timeline.

Cumberland BRAND Committee:

Kathy Langille, Councillor, District 4
 Gerald Langille, Councillor, District 5
 Ron Levy, CREDA Board/Business Representative
 Hollis Bartlett, Business/Technical Representative
 Paul Seguin, Business/Technical Representative
 Aaron Embree, CREDA, IT Consultant
 Kelly Millar, CREDA, Business Data Analyst
 Paul Hopper, CREDA Business Development Officer

CREDA submitted an application on behalf of eight Cumberland County communities: Advocate, Joggins, River Hebert, Parrsboro, Wallace, Malagash, Wentworth and Pugwash. The application, titled 'Connecting Cumberland: The Gateway to Nova Scotia', was one of the five proposals selected from Nova Scotia in the first round of competition.

Other nearby communities may be considered should the proposed business plan offer a feasible and affordable solution to implement broadband in those areas. It is important to note that the awarding of funding to develop a business plan, and the possibility of being awarded further government funding for broadband implementation, does not guarantee or imply that each or any of the communities being considered will receive broadband services as a result. The business plan will outline the communities where it would be most feasible to implement broadband services and will provide community stakeholders with the information needed to determine their next steps.

Q & A

What specifically will this business plan funding be spent on?

Business plan funding will be used to help communities develop business plans for the implementation of broadband Internet access in First Nations, northern, rural and remote communities.

Eligible costs may include direct costs for the development of business plans for broadband implementation in the community. This includes, but is not limited to, the costs of needs assessments, communications costs and administrative costs. Costs that have been incurred by a community prior to today's announcement of funding approval will *not* be eligible for reimbursement.

Why is the program funding the development of business plans?

The National Broadband Task Force determined that it was important that broadband services be viable over the long term for communities to truly benefit from the associated economic and social opportunities. A good business plan is vital in this regard. However, many of the communities that will be applying for funding do not have the resources to develop cohesive business plans on their own. Therefore, it was determined that in order for broadband services to reach some of the communities that need it most, and for those services to be sustainable, a business plan development funding component was essential to the program.

In addition, it is expected that business plan support will help community leaders attract interest for broadband services within their communities, create partnerships and identify potential sources of funding for implementation.

When were the National Selection Committee Members selected and what role do they play?

Industry Minister Allan Rock announced the membership of the National Selection Committee on December 17, 2002. The committee is made of up 24 members and is composed of individual leaders from academia, government, the private sector, health, education and community organizations. With information from Industry Canada, they make recommendations to the Minister on which proposals should receive business plan and implementation funding. The program will provide feedback to all applicants that were unsuccessful in the first round of business plan development funding, should they wish to improve their submission for the second round.

How does broadband access relate to Canada's Innovation Strategy?

Canada's Innovation Strategy recognizes that Broadband access is key to the growth of an innovative society and economy. It calls for the introduction of broadband access across the country through partnerships between the public and private sector. The Government of Canada is committed to ensuring that all communities have broadband access by 2005.

This announcement builds on the targets devoted to "Strengthening Communities" as expressed by Minister Rock at the National Summit on Innovation and Learning on November 19, 2002. These are:

- to work in partnership to foster internationally recognized technology clusters;
- to significantly improve innovation performance of communities through strengthened partnerships; and
- to promote entrepreneurial skills and job creation among Aboriginal people.

More information on the BRAND Program including a complete list of first round business plan development funding recipients can be found on the Industry Canada website at www.broadband.gc.ca.