

Closing the Digital Divide

*for*

British Columbia Communities



# NetWork BC

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# 1.0 Executive Summary

The purpose of this document is to provide a summary of final outcomes and benefits achieved by successful negotiations between the Province, representing both the Province and the broader public sector (collectively the Government/Broader Public Sector or GPS) and TELUS Communications Inc. and TELUS Services Inc. (collectively TELUS).

NetWork BC is a dedicated project office within the Ministry of Management Services. NetWork BC was created to work with British Columbia communities and the private sector to bridge the digital divide<sup>1</sup> in British Columbia by 2006 and put in place the next generation data network<sup>2</sup> for the provincial government and the broader public sector (BPS). In this context, the BPS refers to all provincial health authorities and Crown corporations.

In 2001, the provincial government formed the Premier's Technology Council (PTC) to examine technology-related issues facing British Columbians. The PTC made a series of recommendations in 2002 regarding how to bridge the digital divide across the province. Their recommendations focused on using the existing Shared Provincial Access Network (SPAN/BC) to accomplish this task. The PTC identified 366 communities<sup>3</sup> that were a priority for high-speed Internet access.

In their sixth report released July 2004 the PTC recommended that government: keep up the momentum to extend broadband to the remaining communities as quickly as possible; work with communities to identify last-mile<sup>4</sup> solutions; and, in cooperation with other ministries and the federal government, work with First Nations to address digital divide issues.

Initially, the province considered issuing a competitive solicitation for the extension of existing telecommunications service contracts. However, upon assessing the competitive marketplace, indications were that while there would have been a great deal of interest in and competition for the business on southern Vancouver Island, the Lower Mainland, in the Okanagan, and a few other more urbanized areas, there would likely have been very little or no competition in other areas of the province. Nor would there have been any incentive for telecommunications service providers to develop a solution to British Columbia's digital divide problem. Accordingly, it was concluded that the most cost effective way to bridge the digital divide, without any financial outlay by the Province, was to extend existing telecommunication service agreements with existing suppliers for an additional two years. As a result NetWork BC, on behalf of government

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<sup>1</sup> The gap between those British Columbians with access to the new technology – including skills training, computers and broadband Internet access – and those without.

<sup>2</sup> An affordable, flexible, high capacity digital converged and secure network.

<sup>3</sup> As defined by the Premier's Technology Council. A community is anywhere in British Columbia with a place name and either a public school, a library, or a healthcare facility.

<sup>4</sup> Refers to ground that the local provider will cover between the high-speed connection at the door to the community and the users' homes and businesses.

and the BPS, entered into negotiations with TELUS, as the largest current supplier of data and voice telecommunications infrastructure services to the Province to extend existing contracts in order to accelerate closure of the digital divide.

Successful negotiations with TELUS have resulted in two agreements, a Master Competitive Services Agreement and a Connecting Communities Agreement. These agreements will provide significant savings and improved telecommunications capacity and services to the provincial government and the Broader Public Sector (BPS), and also help the Province fulfill its commitment of bringing affordable high-speed Internet access to 366 British Columbia communities by December 31, 2006.

The provincial list of 366 communities includes locations with a place name and either a public school, library or healthcare facility. Currently 151 of these communities are unserved by consumer broadband services (see Appendix).

Under the Connecting Communities Agreement TELUS will upgrade existing facilities, construct some new facilities and significantly improve services to the unserved communities in British Columbia. There is a clear commitment and schedule as to when and how each community will be connected. This will all be done without any financial contribution by the Province. Although communities and local ISPs are still responsible for their own "last-mile" connections from the central community access point to individual homes and businesses, TELUS will ensure that access to affordable, high-speed Internet services is available through open network access.

The Master Competitive Services Agreement, signed by the Province, the BPS and TELUS, provides significant savings and value to government ministries and BPS participants (Crown corporations, health authorities, public schools and colleges). In addition to savings, improved services and network upgrades will occur over the course of the agreement. As part of this agreement, a more robust TELUS Next Generation Network will be developed, with greater capacity for the Province and the BPS to deliver expanded e-services, especially for education and healthcare at lower costs to network users, while facilitating regional economic development.

## 2.0 Project Background

### Introduction

NetWork BC was created as a dedicated project office in response to recommendations of the Premier's Technology Council (PTC) to the Government of British Columbia. The PTC made a series of recommendations in 2002 regarding how to bridge the digital divide across the province. Their recommendations focused on using the existing Shared Provincial Access Network (SPAN/BC network) to accomplish this task. The PTC felt that if this network was expanded to include the demand of the provincial health authorities and Crown corporations with SPAN/BC, government could use the collective purchasing power to motivate telecommunications suppliers to upgrade their networks to provide high-speed connectivity to provincial communities.

In their sixth report released July 2004 the PTC recommended that government: *keep up the momentum to extend broadband to the remaining communities as quickly as possible; work with communities to identify last-mile solutions; and in cooperation with other ministries and the federal government, work with First Nations to address digital divide issues.* After careful consideration the Province decided to enter into direct negotiations with its telecommunications suppliers to extend existing contracts in order to accelerate closure of the digital divide.

British Columbia is already one of the most connected provinces in Canada. Access to broadband is available in communities containing 89 percent of the population. Seventy two percent of provincial homes have Internet connections more than half of which are high-speed or broadband connections. Of the 366 communities included by this project, 151 currently do not have access to broadband (see map on next page).

In these smaller towns and communities, Internet connection speed and level of service is vastly different than in larger centres. This creates a digital divide. With high-speed or broadband access the residents of these remote and rural communities will be able to receive information and services on-line, develop or access telehealth services, increase their educational opportunities and participate in the new knowledge-based economy.

Map of British Columbia Communities without Access to Broadband.



Unserved communities and regions in British Columbia have been very active in their quest for broadband. Communities seeking access to broadband participated heavily during both rounds of the PTC regional consultations conducted since 2001.

The following is an excerpt from the Second Quarterly PTC Report, April, 2002:

*The response from the regions was overwhelming. In every meeting, dozens of well thought-out and articulate presentations were made to the PTC. The consultations consistently underscored the urgent desire and need of British Columbia's communities for broadband network access to facilitate economic and social development.*

*Over and over again, consultation participants returned to the same themes, that:*

- *There is an immediate need for high-speed Internet access.*
- *Broadband is a catalyst for economic diversification.*
- *Broadband offers the potential of improved access to healthcare, education, and government services.*
- *Broadband is a community effort.*
- *One-size does not fit all in the province's regions.*

British Columbia communities seeking access to broadband also actively participated in the federal government's Broadband for Rural and Northern Development Program. There were 59 applications from British Columbia but only 6 were funded. Communities have now formed an association, the British Columbia Community Connectivity Co-operative (BC3), to lobby government, share best practices and support communities attempting to develop broadband solutions. The BC3 has been funded by the NetWork BC project to deliver a series of workshops in regional communities. The workshops are designed to help communities develop last-mile networks.

### **Business Rationale**

In the 20 years since the SPAN/BC network was established, the SPAN/BC network has expanded to connect every school and government office in the province – resulting in over 4,000 endpoints. This secure high-speed network is administered by the Ministry of Management Services.

Improving the speed and reliability of the network to clients is a key component of the Ministry of Management Services service excellence commitment. Upgrading to the next generation network will support the provincial government's overall goals of strengthening education, health and economic initiatives and increasing electronic service delivery.

The need for a secure and reliable network is common across all major entities. In that regard, NetWork BC has worked to aggregate the demand (e.g., telecommunications spend) of government and the BPS. By aggregating the demand for telecommunications services of these entities, cost reductions for existing services and preferential pricing on a simplified set of common services has been achieved. In addition, upgrades and migration to a next generation network will be realized which will enable the use of enhanced and emerging applications province-wide by all network users.

The next generation network will enhance the delivery of key e-services, such as telehealth initiatives and e-commerce, and will expand opportunities for education and business for all its users. This project is being funded through savings obtained from the aggregation of core government and the BPS telecommunications services and will require no net new funding from the Province to achieve these goals.

The agreement with TELUS will ensure that affordable high-speed open network access is available in all provincial communities by the end of 2006. The community or a local or provincial Internet service provider will be responsible for the last-mile connection from a TELUS central office within the community to local homes and businesses.

While the primary method being used to connect communities to the Internet is through fibre optic cable, 17 communities will be connected through TELUS provided microwave radio and 29 communities will require a high-speed satellite connection. On a related point, the Province was a successful applicant to the Industry Canada National Satellite Initiative. Under this program the provincial government will provide the capital cost of developing a satellite hub in Coquitlam and the necessary earth stations in communities to be connected by satellite. This Provincial expenditure will be funded from savings achieved through this deal. The federal government will pay for the cost of the bandwidth, or space segment, over the expected life of the satellite, estimated to be at least 10 years.

## **Scope**

NetWork BC has focused on aggregating unregulated demand for data and voice telecommunications services for participating entities. These services include Internet access, data transmission, and local and long distance phone services. Not included were tariffed and cellular services, network operations (i.e., staff) or network devices.

Demand for telecommunications services were aggregated for the following BPS entities:

- Government of British Columbia (the Province) – includes all ministries
- Provincial Health Services Authority
- Fraser Health Authority
- Interior Health Authority
- Northern Health Authority
- Vancouver Coastal Health Authority

- Vancouver Island Health Authority
- British Columbia Hydro and Power Authority
- British Columbia Lottery Corporation
- Insurance Corporation of British Columbia
- Workers' Compensation Board of BC

Organizations that are currently out of scope, but can join the aggregation at a later date if they desire include the following:

- Additional Crown corporations
- Provincial agencies, boards and commissions
- Libraries
- Municipalities (specific process required)

## **Objectives**

The NetWork BC project objectives included the following business, infrastructure and financial requirements:

- Aggregate the unregulated telecommunications spend of core government ministries with that of the BPS (collectively the GPS).
- Reduce the overall cost of data and voice telecommunications services currently in place with incumbent vendors.
- Provide an affordable, scalable and secure next generation network that will enable health, education, government and business applications for government and the BPS.
- Connect all unserved communities by December 31, 2006, and ensure sufficient bandwidth to transport applications for the foreseeable future – bridging the digital divide.
- Enhance competitive opportunities for rural communities by ensuring there are affordable open network access points in all British Columbia communities.
- Maintain competitive local and rural suppliers throughout the province.
- Improve First Nations access – 50 percent of communities currently without broadband access are First Nations.
- Generate economic development in rural communities throughout the province – affordable broadband will link communities to the digital economy, improve their ability to promote businesses and trade information, goods, and services.
- Create common service delivery models - new network will provide infrastructure for delivering better, faster, cheaper and more integrated services to communities and the public.

The NetWork BC project has met all of these key objectives.

NetWork BC

April, 2005

## 3.0 Contract Negotiation

In October 2003, NetWork BC submitted its plans to close the digital divide to Cabinet and Treasury Board for approval.

Initially, the Province considered issuing a competitive solicitation (a JSRFP) for the extension of existing telecommunications service contracts. However, upon assessing the competitive marketplace, indications were that while there would have been a great deal of interest in and competition for the business on southern Vancouver Island, the Lower Mainland, in the Okanagan, and a few other more urbanized areas, there would likely have been very little or no competition in other areas of the province. Nor would there have been any incentive for telecommunications service providers to develop a solution to British Columbia's digital divide problem.

In November 2004, following extensive consultation with the stakeholder community, including First Nations and communities on possible last-mile solutions, Cabinet approved direct negotiations with incumbent telecommunications vendors as an alternative to conducting a JSRFP. A Notice to this effect was posted on BC Bid. As a result, NetWork BC, on behalf of government and the BPS entered into negotiations with TELUS, as the largest current supplier of data and voice telecommunications services for the government and public sector. As the largest supplier of telecommunications services<sup>5</sup> it was important to commence negotiations and contract with TELUS before negotiating with other service providers. Now that a deal with TELUS has been finalized, similar discussions to extend the existing contracts of the other suppliers of telecommunications services can commence<sup>6</sup>.

The contracts signed between TELUS and the Province will ensure that modern telecommunications infrastructure is pushed into rural and remote parts of the province much faster than would be accomplished if left to market forces. This infrastructure will be "open access", meaning that it is available for use by telecommunications suppliers other than TELUS. Local Internet service providers and innovative solutions will be more likely to develop and prosper once this core infrastructure to remote areas of British Columbia is built and upgraded.

To ensure effective and efficient contract negotiations a best practice "interest based" negotiations process was used. The Province was represented by a negotiations team that was comprised of internal subject matter experts, legal counsel, external professional negotiators, and financial analysts. This negotiating team took advice and directions from a Steering Committee comprised of representatives from senior levels of government and the BPS.

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<sup>5</sup> TELUS currently supplies approximately 73% of the telecommunications services that core government purchases.

<sup>6</sup> Core government currently has telecommunications supply contracts with approximately 20 other organizations.

The BPS participants also provided significant support and active involvement in the negotiations through their CIO's, financial and legal representatives in day-to-day negotiations activities. Other key stakeholders such as the "Communities Consultation Team" were kept informed throughout the process and had the opportunity to provide specific inputs and advice to support their interests. Finally, TELUS and the Province (acting on its own behalf and that of the BPS) established core negotiations support teams that performed all essential due diligence as key points were negotiated.

Negotiations commenced on November 30, 2004, with TELUS and NetWork BC signing a Letter Of Intent on December 17, 2004, establishing the principles and high-level targets of the agreements being sought. Negotiations on the comprehensive agreements were successfully completed mid March 2005. Subsequently, agreements were signed by TELUS, the BPS and the Province on March 23, 2005. Negotiations with the other current telecommunications suppliers will commence following the announcement of this agreement.

The provincial government continues to support a competitive communications marketplace in British Columbia and is committed to conducting a competitive process for all telecommunications services at the end of the Master Competitive Services Agreement.

## 4.0 Final Agreements

### Profile of Vendor

TELUS Corporation is the largest telecommunications company in Western Canada and the second largest in the country, with more than \$7 billion in annual revenue, 4.8 million network access lines and 3.8 million wireless subscribers. It is a publicly traded company with its head office in Burnaby and executive offices in Vancouver.

TELUS Corporation is the holding company. TELUS Communications Inc. holds the telecommunication assets and TELUS Services Inc. provides certain services such as Internet services. The Province's contract is with TELUS Communications Inc. and TELUS Services Inc., both wholly-owned subsidiaries of TELUS Corporation.

### Highlights of the Agreements

The Master Competitive Services Agreement (MCSA) was signed between TELUS, the Province, the Crown corporations and the health authorities on March 23, 2005. The MCSA contains the services that the Province and the BPS buy from TELUS. The MCSA applies only to non-tariffed services and achieves the following for its participants:

- 15 percent savings by both government and the BPS on telecommunications costs.
- A simplified set of services (reduced from 900 to approximately 90) available in the form of a common price book.
- A \$12 million technology fund for the Province and the BPS entities (collectively the government and broader public sector or GPS) to migrate to a next generation network.
- Assurance that all new services added are common to the whole GPS group and will be aggressively priced.
- The consolidation of multiple TELUS contracts (from approximately 340 contracts reduced to one master agreement) among the participating entities.
- Faster network speeds and greater capacity at no additional cost to government or the BPS.
- Enforceable and enhanced service levels with financial consequences for non-performance.
- To manage the agreement, a formal governance structure, escalation process and standard reporting process.

- The term of the MCSA is to December 31, 2008. The GPS group may at their sole discretion extend the term of the MCSA for an additional two years.
- Enhanced network services that will support the enabling of e-services for government and the BPS, as well as for education and health, while facilitating regional economic development.

The Connecting Communities Agreement (CCA) was signed between TELUS and the Province and achieves the following:

- Affordable high-speed open network access services to 119 of the remaining 151 unconnected British Columbia communities by December 31, 2006. Of the remaining 32 unserved communities, 29 will be connected by high-speed satellite, and the remaining 3 communities will be connected as part of the federal Broadband for Rural and Northern Development program. For a complete schedule of community connections, see the attached Appendix.
- Affordable access for unserved communities to open network access points in each community.
- Support from the Province to connect the open network access service to a community Internet service provider location.
- A very cost effective “utility” pricing model in communities that are currently unserved to enable local Internet service providers to provide last-mile services at a scalable cost per user per month.
- Pricing for high-speed open network access (10Mbps plus) in all provincial communities based on price for similar services in the Lower Mainland – length of contract, volume of business and other factors will determine final cost.

In addition the Province will be working with two community based organizations, the BC Community Connectivity Co-operative and the First Nations Technology Council, to provide a limited number of \$20,000 grants to communities to aid them with last-mile costs. These funds will benefit early adopter communities who have projects ready to go now.

## **Term**

The Master Competitive Services Agreement (MCSA) extends the telecommunications contracts for non-tariffed services TELUS currently has with the Province and the BPS to December 31, 2008. Prior to the end of the MCSA there will be a complete, open tender for the telecommunications business of the GPS.

The Term of the Connecting Communities Agreement (CCA) ends on March 31, 2015. This agreement ensures that the infrastructure upgrades required to bridge the digital divide are completed by the end of 2006. The agreement extends to 2015 to ensure local suppliers who require access to this infrastructure have a solid long-term basis for building their local last-mile networks.

## **Results and Benefits Achieved**

In the two agreements (MCSA and CCA) reached with TELUS, NetWork BC fulfilled all of the immediate goals it set out to negotiate, including:

- Aggregating non-tariffed telecommunications spending for core government and the BPS.
- Achieving significant cost savings of approximately 15 percent on existing non-tariffed telecommunication services over the life of the agreement.
- Laying the foundation for migration to a next generation network.
- Implementing a simplified common price book of discounted services available to all participating entities.
- Bridging the digital divide by connecting all British Columbia communities by the end of 2006 in accordance with an agreed schedule.
- Enhancing competitive opportunities for rural communities by having TELUS provide open network access in all communities at affordable rates.
- Maintaining the vibrancy of the local supplier market by providing scalable rates per user per month in unserved communities and encouraging local suppliers to become last-mile builders of infrastructure.
- Facilitating last-mile connectivity with TELUS and the Province providing available funding to assist local providers in developing sustainable last-mile infrastructure businesses.

## **Financial Summary**

Government and the Broader Public Sector are projected to spend more than \$245 million for telecommunications services over the next four years. The NetWork BC project will generate financial benefits of \$54 million through reductions of telecommunications costs associated with the extension of existing contracts and incentives for transitioning from older legacy services to next generation services capable of supporting new e-government services. One-third of the BPS's share of these savings (approximately \$7 M total over the four years) will be reinvested in TELUS services.

To assist the GPS in migrating from existing legacy services to next generation network services a \$12M "Technology Fund" has been provided by TELUS over the term of the deal. The intent of the Technology Fund is to assist GPS entities with the costs associated with the transition to next generation network services. There is no requirement to use this Fund.

## **Risk Allocation**

TELUS assumes the financial and performance risk for connecting British Columbia communities. This agreement has not created any additional risk to the Province or the BPS in conjunction with the delivery of services by TELUS. There is a significant reduction in financial, service quality and performance risk through performance related consequences.

## **Privacy**

There are no significant privacy or *USA PATRIOT Act* implications for these agreements. The MCSA agreement does not involve legitimate access to any identifiable personal information.

Further, TELUS is committed to complying fully with the *Freedom of Information and Protection of Privacy Act* and the amended privacy schedule, and TELUS is a Canadian controlled organization.

## 5.0 Connecting Communities

There will be two types of open network access services available for communities: a Wide Area Network Service and Internet Service.

The carrier Internet service will provide a connection between a community and the Internet. This service will suit Internet service providers that wish to acquire a TELUS service that includes Internet access. This would typically be of interest to smaller communities who are not working with a regional Internet service provider.

The Wide Area Network service will provide a connection between a community and another location on the TELUS network within British Columbia. This service will suit Internet service providers that wish to extend their services to additional communities or groups of communities who may wish to develop a solution on a cooperative basis.

The open network access services will provide affordable high-speed Internet access to 119 of the remaining 151 unconnected British Columbia communities by December 31, 2006. Of the remaining 32 unserved communities, 29 will be connected by high-speed satellite, and 3 are being connected as part of the federal Broadband for Rural and Northern Development program. For a complete schedule of community connections, see the Appendix.

TELUS will also provide open network access services in served communities. The additional 119 communities brings the total number of communities with these services to 334.

There will be a provincial price available for all 334 communities based on the cost of a similar service in the Lower Mainland. In all cases an Internet service provider will be required to qualify to acquire the TELUS service within the community and sign a telecommunications agreement with TELUS before the service will be provisioned.

In the 119 unserved communities that are covered by this agreement, the cost of these services for the eligible Internet service providers will be scalable per user per month. For example if a very small community has only 10 users who subscribe to the local Internet service provider's service the cost from TELUS to the local Internet service provider for the 10Mbps service to that community will be considerably lower than the provincial price while the Internet service provider builds the customer base to sustain the service. This pricing will only be available to the currently defined unserved communities listed in the Appendix.

TELUS has agreed to provide services to the 119 unserved communities before the end of 2006. The yearly quarter by which time this work will be completed for each community is shown in the Appendix. Part of the qualification process for Internet service providers is to provide evidence that they own or control infrastructure and intend to offer Internet services.

Over the next two years TELUS will work with the Province to deliver a marketing campaign to ensure that communities and Internet service providers know about this agreement and how they can get online.

## **Benefits**

Affordable high-speed Internet access is expected to change the quality of the daily lives of people within a community. With it, people can:

- Improve their education and training by upgrading their skills online, without leaving their community.
- Get access to up to date medical information and treatment through reliable medical sources available using the Internet.
- Access government services without traveling.
- Start up a home based business and market it around the globe.
- Get connected to the wealth of information that exists on the Internet.

Through this project, the Province and TELUS are committed to bridging the digital divide by bringing affordable high-speed Internet access to 151 British Columbia communities by the end of 2006 – and within reach of other provincial communities. At the same time, it is necessary for communities to come together and address their last-mile connections, as it is not feasible for government to connect each home and business in the province. It is critical that communities actively participate in their last-mile solutions, and be active and engaged partners.

Currently, approximately 89 percent of British Columbians have access to affordable high-speed Internet service. These people live in 215 of British Columbia's 366 communities. Connecting the remaining 151 communities will help improve the quality of lives by providing better access to health, education and business opportunities for British Columbians.

First Nation communities also benefit under the Connecting Communities Agreement. In some cases over half of the First Nations citizens have left their traditional communities to seek employment or education in more urban settings. Communication with their families and friends is often difficult when they reside in large cities. The introduction of broadband will enable much better communications between those in urban and rural centres and may also enable many residents to earn a living without leaving their home communities.

## **HealthCare**

Increased Internet access provides more options for using telehealth initiatives to improve access to healthcare services in British Columbia's rural and remote communities. The "Provincial Health Services Authority" is responsible for supporting the province-wide planning and coordination of telehealth initiatives in British Columbia.

Much of the telehealth activity in British Columbia uses two-way, live video conferencing technology for education, administrative and clinical interactions. Telehealth capabilities are present in over 50 communities and 120 healthcare facilities such as acute hospitals and community mental health centres. This project will increase the capacity of health authorities and communities to offer telehealth services and increase the ability of the system to provide the care British Columbians need, closer to their home communities.

In addition to telehealth opportunities, patients suffering from chronic diseases such as diabetes or asthma will be able to better manage their afflictions without going to the hospital if they are able to access accurate, up to date medical information and treatment through reliable medical sources available using the Internet. The ability to access healthcare services via secure Internet access will reduce the time that it takes to obtain treatment, reduce inconvenience to patients and reduce the need for patients to physically attend health care facilities for routine treatments.

### **Education**

Access to high-speed Internet in communities and in all provincial public schools means students have greater access to the world of knowledge the Internet provides, and also to a greater range of educational and training opportunities.

Distance education initiatives provide greater access to a wide range of learning options for K-12 students, those in post secondary, and those looking for retraining or advancement opportunities.

As a result of this project, 100 percent of British Columbia's provincial public schools will be upgraded to broadband high-speed Internet access. Further, this project will provide some additional network upgrades at no cost to the Ministry of Education.

### **Economic Development**

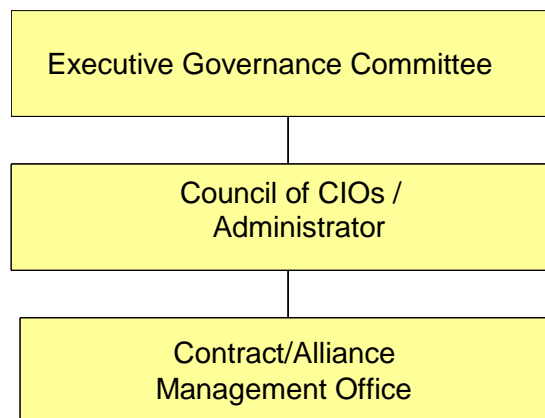
Through this project, the Province and TELUS will provide high-speed open network access at affordable prices in all 151 unserved British Columbia communities. Open network access can also bring substantial bandwidth to municipal networks and regional enterprises. This bandwidth will be provided at the same affordable price regardless of where the community is located in the province.

Through this project the Province and TELUS will work with small community Internet Service Providers to ensure that services are available in rural and remote communities.

Affordable high-speed Internet access will enable businesses to broaden the market for their products regardless of where they are located. The Internet opens the door to a global market for communities throughout the province, and helps level the playing field for those smaller businesses competing with their more urban counterparts.

## 6.0 Transition, Governance and Alliance Management

There will be a 180-day transition plan to operationalize the MCSA. Over this period, implementation of key elements of the MCSA will take place. One of these elements is putting into place simple and transparent governance and an alliance management model to execute the agreements reached with TELUS. The participating entities have been involved in creating this model, which will be mirrored by TELUS management and governance counterparts. Generally speaking, this governance and alliance management model will consist of the following, which will be defined further by the Council of CIOs and approved by the Executive Governance Committee during the transition period:



The Executive Governance Committee will provide strategic direction and ultimate dispute resolution with senior executives of the participating entities.

The Council of CIOs, consisting of participating entity CIOs, will be responsible for making ongoing management and operational decisions. An Alliance Management Office consisting of an Administrator and small staff will manage the MCSA and relationship and work to ensure the parties adhere to the terms of the MCSA and the spirit in which it was formed. Each entity will maintain day-to-day control, operations and relationships with TELUS.

The Alliance Management Office will carry out other key elements of the transition plan. These elements include detailed development of the metrics and reporting for the service level agreements, implementation of the new price book, and other activities to drive efficiencies from the deal including knowledge transfer to designated contract and relationship managers.

## 7.0 Conclusions

The Government of the Province of British Columbia is proud of the strategy that has been developed to address the issues raised by the Premier's Technology Council. Through the efforts of the NetWork BC project team, the Ministry of Management Services and a variety of external advisors, a plan was successfully developed that resulted in the negotiation and execution of two significant agreements, the MCSA and the CCA.

As a result of these agreements, the NetWork BC project will generate financial benefits of \$54 million through reductions of telecommunications costs associated with extension of existing contracts and incentives for transitioning from older legacy services to next generation services capable of supporting new e-government services. In addition, affordable high-speed Internet services will be made available to 151 communities by no later than December 31, 2006, with no new funding being provided by taxpayers or the Province. British Columbia's plan to bridge the digital divide has been a remarkable achievement that once again proves that British Columbia is a leader in technology, not only in Canada but in North America.

# Appendix

## Schedule of Community Connections

The main table in this appendix reflects the Schedule of Community Connections in the Connecting Communities Agreement. This schedule identifies the quarter in which the 151 British Columbia communities that will receive a connection point by the end of December 2006 will be connected. The target date for connecting a given community appears in the column of the main table titled "Targeted Upgrade Date".

Connection of the 151 communities was prioritized jointly by the Province and TELUS to a schedule of quarterly dates and to a set range of available infrastructure types. These infrastructure types are defined in the Service Capabilities table below:

<b>Service Capabilities by Infrastructure Type</b>	
<b>Type 1</b>	Up to E100 bandwidth services, multiple E10s available.
<b>Type 2</b>	E10 available.
<b>Type 3</b>	E10 available – upgradeable to type one upon receipt of order for second service.
<b>Type 4</b>	E6 available.
<b>Type 5</b>	Communities served via high speed satellite.
<b>Type 6</b>	Communities being connected via BRAND <sup>7</sup> projects.

## Schedule of Community Connections

<b>Digital Divide Community Name</b>	<b>TYPE 1</b>	<b>TYPE 2</b>	<b>TYPE 3</b>	<b>TYPE 4</b>	<b>TYPE 5</b>	<b>TYPE 6 BRAND</b>	<b>Targeted Upgrade Date - End of Quarter/Year</b>
150 Mile House		1	1				2005Q2
70 Mile House		1	1				2005Q4
Adams Lake					1		2006Q1
Ahousat		1					2005Q4

<sup>7</sup> The Federal Broadband for Rural And Northern Development (BRAND) project.

Digital Divide Community Name	TYPE 1	TYPE 2	TYPE 3	TYPE 4	TYPE 5	TYPE 6 BRAND	Targeted Upgrade Date - End of Quarter/Year
Alexis Creek	1						2005Q4
Alkali Lake		1	1				2005Q4
Anahim Lake		1	1				2005Q4
Atlin					1		2005Q1
Baldonnel		1	1				2006Q1
Bamfield				1			2006Q2
Bear Lake	1						2006Q1
Beaverdell		1	1				2006Q1
Bella Bella	1						2005Q4
Bella Coola		1					2005Q4
Big Lake (Ranch)		1	1				2006Q2
Blue River		1	1				2006Q1
Boston Bar		1	1				2006Q1
Bridge Lake		1	1				2006Q1
Buick		1	1				2006Q3
Burton		1	1				2005Q4
Canal Flats		1	1				2005Q3
Cape Mudge		1	1				2006Q4
Celista		1	1				2005Q3
Charlie Lake		1	1				2005Q4
Chilanko Forks		1	1				2005Q4
Clearview		1					2006Q4
Clinton		1	1				2006Q1
Coal Harbour		1	1				2006Q3
Crawford Bay		1	1				2005Q2
Danskin		1	1				2006Q4
D'Arcy		1	1				2005Q2
Dease Lake					1		2005Q1
Denman Island		1	1				2005Q4
Dog Creek		1	1				2006Q4
Douglas Lake					1		2006Q1

Digital Divide Community Name	TYPE 1	TYPE 2	TYPE 3	TYPE 4	TYPE 5	TYPE 6 BRAND	Targeted Upgrade Date - End of Quarter/Year
Dunster		1	1				2005Q4
Echo Bay (Gilford Island)					1		2006Q1
Edgewood		1	1				2005Q4
Farmington		1	1				2006Q3
Fauquier		1	1				2006Q2
Field		1	1				2006Q3
Forest Grove		1	1				2006Q3
Fort Babine					1		2006Q1
Fort Fraser		1	1				2005Q4
Fort Ware (Kwadacha)					1		2006Q1
Francois Lake	1						2006Q2
Gitanyow (Kitwancool)		1					2006Q4
Gitwangak (Kitwanga)	1						2005Q4
Gold Bridge				1			2006Q3
Good Hope Lake					1		2006Q1
Granisle				1			2006Q2
Grasmere		1	1				2006Q1
Grassy Plains		1	1				2006Q4
Groundbirch		1	1				2006Q3
Hagensborg	1						2005Q4
Hanceville		1	1				2006Q4
Hartley Bay				1			2006Q3
Hixon		1	1				2005Q3
Holberg					1		2005Q1
Hornby Island		1	1				2006Q3
Horsefly		1	1				2006Q4
Iskut					1		2006Q1
Jaffray		1	1				2005Q4
Kettle Valley		1	1				2006Q4
Kingcome Inlet					1		2006Q1

Digital Divide Community Name	TYPE 1	TYPE 2	TYPE 3	TYPE 4	TYPE 5	TYPE 6 BRAND	Targeted Upgrade Date - End of Quarter/Year
Kispiox		1	1				2006Q2
Kitamaat Village		1	1				2006Q4
Kitkatla				1			2006Q3
Klemtu (Kitasoo)				1			2006Q1
Kuper Island				1			2006Q1
Kyuquot					1		2005Q1
Lac La Hache		1	1				2005Q3
Lasqueti Island		1					2006Q1
Lax Kw'alaams (Port Simpson)				1			2005Q4
Likely		1	1				2006Q3
Little Fort		1	1				2006Q1
Lower Nicola		1	1				2006Q3
Lower Post					1		2006Q1
Lund		1	1				2006Q1
Lytton	1						2006Q1
Malakwa		1	1				2005Q2
Mansons Landing		1	1				2006Q2
Masset	1						2006Q1
McLeese Lake		1	1				2005Q3
Meadow Creek		1	1				2006Q3
Mica Townsite							2006Q4
Middle River					1		2006Q1
Moberly Lake		1	1				2006Q4
Montrose		1	1				2006Q4
Moricetown		1	1				2005Q4
Mount Currie		1	1				2005Q4
Nazko		1	1				2006Q2
Nemaiah Valley					1		2006Q1
Nitinat					1		2006Q1
North Bend		1	1				2006Q4

Digital Divide Community Name	TYPE 1	TYPE 2	TYPE 3	TYPE 4	TYPE 5	TYPE 6 BRAND	Targeted Upgrade Date - End of Quarter/Year
North Thompson Indian Band					1		2006Q1
Oweekeno (Rivers Inlet)					1		2005Q1
Parson		1	1				2006Q1
Pinantan Lake		1	1				2006Q4
Pinchi		1	1				2006Q2
Port Clements		1					2006Q1
Port Edward		1					2006Q4
Port Renfrew				1			2006Q2
Prespatou		1	1				2006Q4
Quatsino					1		2005Q1
Queen Charlotte City	1						2006Q1
Riondel		1	1				2005Q3
Riske Creek		1	1				2005Q4
Rock Creek		1	1				2005Q4
Rose Prairie		1	1				2006Q1
Sandspit		1					2006Q1
Savona		1	1				2005Q4
Sayward				1			2006Q2
Shalalth		1	1				2006Q4
Shearwater						1	2006Q1
Silverton		1	1				2006Q4
Skidegate		1					2006Q1
Skookumchuk					1		2006Q1
Slocan		1	1				2005Q4
Sointula		1					2006Q1
South Hazelton		1	1				2006Q2
Spences Bridge		1	1				2006Q4
Stewart	1						2006Q4
Surge Narrows (Read Island)					1		2005Q1

Digital Divide Community Name	TYPE 1	TYPE 2	TYPE 3	TYPE 4	TYPE 5	TYPE 6 BRAND	Targeted Upgrade Date - End of Quarter/Year
Tache						1	2005Q1
Takla Landing					1		2006Q1
Tappen		1	1				2005Q4
Tatla Lake		1	1				2005Q4
Telegraph Creek					1		2005Q1
Thetis Island		1	1				2005Q4
Toad River					1		2005Q1
Tomslake		1					2006Q2
Topley		1	1				2005Q4
Tsay Keh Dene					1		2006Q1
Tulameen					1		2006Q1
Upper Halfway					1		2005Q1
Vananda				1			2005Q4
Vavenby		1	1				2006Q1
Venables Valley					1		2006Q1
Wells		1	1				2006Q1
Westwold		1	1				2005Q2
Willow River		1	1				2006Q1
Wilson Creek		1	1				2006Q2
Winlaw		1	1				2006Q4
Wonowon					1		2005Q1
Woss		1					2006Q1
Wynndel		1	1				2005Q4
Yahk		1	1				2006Q1
Yale		1	1				2005Q4
Yekooche						1	2005Q1
Zeballos				1			2006Q4

## Criteria Used to Prioritize the Community Connection Dates

### Provincial Criteria

1. Community must be one of the provincial list of 366 communities originally established by the Premier's Technology Council.
2. Community must be lacking broadband as defined by NetWork BC project.
3. There is an active initiative in place that will develop a broadband system if provided with a transport solution for the community's upstream traffic.
4. There is an active initiative in place that is developing plans to bring broadband into the community but is not ready to implement.
5. There is an initiative in place or individuals who have indicated that they have a strong desire to have broadband in the community but are not yet to the planning stage.
6. There are individuals who have indicated an interest in bringing broadband to the community.
7. There has been no interest expressed in bringing broadband to the community.

Communities were ranked high, low, medium according to the above criteria and were listed 1 – 151. This listing was provided to TELUS.

### TELUS Criteria

1. Urgency of demand by local community provided by provincial ranking.
2. Availability of network transport to community (ease of technical solution).
3. Future build plans – e.g., northern Vancouver Island fibre build will not reach some communities ranked high by the Province until late 2006.
4. Ease of implementation.
5. Type of transport chosen and time of year for build.

Communities were then re-ranked by TELUS and NetWork BC. A list of communities has been developed showing when communities will be connected, the type of technology connecting the communities and the quarter of either 2005 or 2006 when they will be connected.