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# Tories' federal budget silent on broadband, spectrum

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Created 03/22/2011 - 6:42pm

OTTAWA—The federal Conservative government says its 2011 budget lays the groundwork for its upcoming digital economy strategy—but the budget document makes no mention of broadband initiatives, foreign ownership or spectrum issues.

“Budget 2011 sets the stage for the release of Canada’s Digital Economy Strategy later this spring by introducing new measures focused on accelerating adoption of information and communications technologies at small and medium-sized businesses, preparing students for careers in the digital economy, and building Canada’s digital content through the **Canada Media Fund**,” the 2011 budget, tabled in the House of Commons Tuesday, says.

The government announced measures to support education, the adoption of information and communications technologies (ICTs), and content creation, but did not touch on some of the more controversial issues relating to telecom.

The budget was quiet on broadband funding, mentioning only that previous efforts have helped make broadband services available to more than 98 per cent of Canadians.

Spectrum was mentioned in passing, with a reference a 700 MHz band auction in late 2012.

But the budget includes \$80 million in new funding over three years to help small and medium-sized businesses to accelerate the adoption of ICTs through collaboration with colleges.

“As Canada enters the digital age, the small and medium-sized businesses that drive our economy have an opportunity to maximize their growth potential by adopting information and communications technologies,” the budget document says.

“Colleges, with their linkages to local industry and access to cutting-edge technology and skills, are ideally placed to develop technological solutions that respond to the challenges faced by small and medium-sized businesses.”

The initiative will be run by the **National Research Council**'s industrial research assistance program.

The **Association of Canadian Community Colleges** said in a release that the funding will go a long way to support businesses and “make a real difference in the productivity of countless SMEs [small and medium-sized enterprises].”

The budget also provides \$53.3 million over five years to support the creation of 10 new Canada

research chairs, some of which will relate to the digital economy.

The government also allocated \$60 million over three years to promote student enrollment in programs related to the digital economy, such as science, technology, engineering and mathematics. Human Resources and Skills Development Canada will take the lead on the initiative.

In total, the government plans to spend \$250 million by 2012-2013 on promoting innovation as part of the digital strategy: \$50 million on accelerating adoption of ICTs and \$200 million on showcasing digital content.

A government official said the digital economy strategy, to be released this spring, may contain additional announcements and funding measures.

Liberal MP and industry critic Marc Garneau said in an interview that he did not expect too many digital economy measures in the budget based on Industry Minister Tony Clement's comments that the strategy would be revealed in May.

"We're still early. I think he's not ready, and I think he didn't want to make any specific commitments that involved any spending by the government," he said.

Garneau said the government may not be prepared because they haven't decided how much funds to allocate on the strategy.

Lynda Leonard, senior vice-president of the **Information Technology Association of Canada** (ITAC), said by phone that the organization is encouraged by the measures announced in the budget.

"In all the consultations that we've had, we struggled to find measures that would be fiscally-neutral or modest. I think some of the investments that are being made are actually quite welcome in that context," she said.

"It's particularly nice to see, for example, a strong focus and a significant amount of investment being placed on education in science, technology, engineering and mathematics ... Talent is a critical part of the digital economy strategy and this will certainly help."

Leonard said she believes the budget measures lay a strong foundation for the upcoming digital economy strategy.

"They're proceeding in a very prudent way," she said. "I think it's pretty intelligent policy making in a time of restraint."

Michael Geist, the Canada research chair of Internet and e-commerce law at the University of Ottawa, said in an interview that it isn't surprising the budget announced a few small measures instead of broad pronouncements on broadband and related issues.

"They haven't announced the digital strategy yet, and given that timing, it wasn't unexpected that there wouldn't be anything in the budget for it," he said.

But Geist noted that the measures outlined in the budget may never come to be if the government is defeated and Parliament is dissolved for an election.

"It's crazy to speculate on politics because things change so quickly," he said.

"For all the big issues, we've been in a holding pattern a little bit, on the digital economy, on copyright. The hearings continue, but no one's getting serious about some of those [issues] until we get to the point when we know whether or not the budget is going to pass."

All three opposition parties said Tuesday they will not support the budget bill as presented. An amendment to the budget could win the support of a party and save the government, but that prospect appeared unlikely Tuesday evening as the Conservatives have said they have no plans to make amendments.

The government also renewed funding for the **CBC** and the Canada Media Fund (CMF) in the budget.

The government announced funding of \$100 million per year until 2012-2013 to the CMF for investments in the creation of digital and multi-platform content.

In September Heritage Minister James Moore said <sup>[1]</sup> the CMF could count on multi-year funding in the budget.

During 2010-2011, the CMF received total government funding of \$134 million.

The CMF thanked the government for the funding in a release Tuesday. It said the \$100-million government contribution, combined with funding from cable and satellite distributors, will provide the CMF with more than \$350 million for 2011-2012.

The government announced it would provide CBC/Radio-Canada in 2011-2012 with \$60 million in funding to be used for the production of Canadian programming.

In February CBC president and CEO Hubert T. Lacroix told <sup>[2]</sup> the House of Commons heritage committee that the public broadcaster would benefit from stable, multi-year funding.

The CBC has received additional, single-year funding in the amount of \$60 million for content creation since 2001, with the exception of 2006-2007, when the government guaranteed two years of the additional funding.

The CBC also receives over \$1 billion in annual parliamentary appropriations.

The CBC said in a release Tuesday that it is pleased to see the \$60 million renewed for another year.

"Given the financial challenges of the past few years, we are very grateful to the Government for this important re-investment in public broadcasting, and to the Minister of Canadian Heritage, the Honourable James Moore, for going to bat once again for CBC/Radio-Canada," Lacroix said in a release.

The CBC added that continued funding is crucial to the implementation of its corporate strategy.

The broadcaster also expressed support for renewed funding for the CMF.

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