Re: Inukshuk Internet Inc., 2500 MCS Proposal for Nova Scotia

All proposals to deliver 2500 multi point communications systems and its associated learning plan to Nova Scotia were considered in the context of the following principles. These were established by the Department of Education as the designated Learning Authority in consultation with representatives of educational institutions, museums, libraries and CAP sites in Nova Scotia:

• equity of access, price and availability in urban and rural areas
• favourable rates for education
• control of content by educators in Nova Scotia
• (desirable) private sector management of networking
• affordable upgradability to match advances in technology

As a fundamental principle, higher bandwidth access must be made available to educational institutions in rural parts of the province which are most in need of distance education services. A successful bidder should have a realistic plan to extend networks and high bandwidth services outside the most urban areas of the province. Many schools, libraries and CAP sites in the Province now regularly consume 100% of their bandwidth and we are only half way through the installation of computers under the Information Economy Initiative. There is a serious need for affordable bandwidth across the province, particularly in rural areas. Merely offering high speed access within Halifax would not meet educational needs of the province.

It is very clear in the "call" that roll-out of 2500 MCS services will be market driven and that frankly means that there will be little predictable or early roll-out in much of Nova Scotia. Inukshuk confirms the lack of commercial viability of 2500 MCS services here through their requirement that Nova Scotia will only be considered if Inukshuk is granted access to at least five major markets in other parts of Canada. If Inukshuk is granted a license to all 13 Provinces/Territories, they commit to some coverage in all areas by year 3. This makes it difficult to comment on their proposal for Nova Scotia because we have no idea what their success will be in other areas.

Inukshuk commits to connecting 37.7% of Nova Scotia households within one year of deployment. This conforms to a 35 km radius from Halifax. Coverage will be extended to 43.1% by year 5 and would include the town of Truro. Reaction from the education system generally has been that this merely increases the gap between "have" and "have-nots" with Metro Halifax getting a further attractive option to connect schools and educational institutions. Our EDnet wide area network was established on the principle that any school, library, museum or CAP site could connect at the same rates and with the same service anywhere in the province.

Inukshuk offers wholesale rates to connect to their services, but it is difficult to assess that claim in the absence of actual costs for products and services which would be valued in education.

Inukshuk offers a Learning Portal and course development tools which may have some value in the creation of educational content for delivery over high bandwidth systems, but we are concerned that such content will
not be accessible outside of high bandwidth service areas.

Inukshuk is to be congratulated for a specific commitment of $92,612 per year in Nova Scotia regardless of sales of their services. This permits much more opportunity to plan services instead of a vague reference to a percentage of revenue offered by competitors. However, Inukshuk has stipulated that their contribution is only available within their coverage area and may definitely not be used to extend levels of access to other parts of the province through competitive services.

We were pleased with the level of consultation by Inukshuk and its partners and support their proposal for a Partnership Committee which would oversee the disbursement of contributions to education. One of the Inukshuk partners is Look Communications Inc and we are concerned that this will present yet another opportunity for a broadcaster from outside the Province to offer educational products and services in Nova Scotia. Inukshuk did not respond to requests to facilitate the participation of educational institutions in Nova Scotia in the development and delivery of educational content over their systems.

Industry Canada is commended for trying to extend advantages to education through the "Learning Plan" associated with the call to license 2500 MCS services across Canada. In order to meet IC’s own objective of connecting all Canadians, there remains a need to ensure that high bandwidth, affordable services are extended to all parts of Canada including rural areas.

I look forward to working with the designated licensee for Nova Scotia.

Yours truly,

Michael Jeffrey, Director