

INFORMATION NOTE

CLIFF #: 149530

Date: June 25, 2020

PREPARED FOR: Honourable Michelle Mungall, Minister of Jobs Economic Development and Competitiveness

ISSUE: Connected Coast Network Project

BACKGROUND:

Project Scope

The Connected Coast Network project involves the installation of sub-sea fibre-optic cable, stretching from north of Prince Rupert, to Haida Gwaii (Masset), south to Vancouver and around Vancouver Island.

The Connected Coast Network does not include last-mile builds, but once the landing sites are complete, the new fibre backbone will enable increased last-mile internet speeds and reliability.

The project leads are CityWest Cable & Telephone Corporation (CityWest) and the Strathcona Regional District (Strathcona). They have partnered on the project to jointly build the network.

During the federal due diligence process, some landing sites were removed from scope and land segments were added to reach communities not adjacent to the coast. Project leads will be validating the proposed landing sites through the engineering and environmental assessments and First Nations consultations. The new number of sites and communities anticipated to benefit from the project: 147 landing sites (revised from the original 154 landing sites). Forty-eight Indigenous communities are anticipated to benefit. See ATT-1.

Total project investment is \$45.4 million, co-shared between the federal and provincial governments. The federal government is lead funder.

- \$22.2 million will come from the Connect to Innovate program, administered through Innovation, Science and Economic Development (Innovation Canada).
- \$12.0 million will come from Indigenous Services Canada.
- \$11.2 million will come from the Connecting British Columbia program administered by the Northern Development Initiative Trust (Northern Development).
- The total aggregate amounts as committed by the major funders for the CityWest and Strathcona projects is unchanged, apart from the added scope for connecting Tlowitsis First Nation. All Nations Trust Company's Pathways to

Technology project and Innovation Canada will each contribute an estimated \$187,600 in new funding.

DISCUSSION:

Several factors have contributed to the project moving slower than expected in the original proposals.

Federal government program received unprecedented applications

The federal government's Connect to Innovate program received and assessed 892 project applications from across Canada, with 610 denied funds.

The Connected Coast Network project was announced by the federal government on January 17, 2018. The federal government then entered into negotiations with the project leads, which successfully ended in federal contribution agreements being issued for proponents' signature in June 2019. Agreements were signed by CityWest on October 11, 2019 and Strathcona signed on October 29, 2019. During this time, Strathcona formed the Strathcona Connected Coast Network Corporation, which was incorporated on September 7, 2018, as a wholly owned subsidiary of the regional district. CityWest also established the City West Connected Coast Network Corp.

Resolution over shared fibre section of project

During contract negotiations with Canada a shared ownership section of fibre between Port Hardy and Campbell River was moved to CityWest ownership. The total funding for the project remained the same, but inconsistencies arose in the funding amounts originally requested from Northern development and the amounts to be reflected in their contribution agreements. The issue between the parties over access to the shared section of fibre arose on May 2019 and was not resolved until November 2019, when Northern Development was able to produce agreements for provincial funding with terms that were mutually agreeable.

Northern Development's agreements were signed and executed on January 20, 2020 with CityWest and February 21, 2020 with Strathcona.

Project procurement

CityWest and Strathcona are currently working on a procurement for the installation of the subsea fibre. On June 21, 2020, the project leads posted a Request for Information (RFI) on BC Bid, with a closing date of July 28, 2020. COVID-19 pandemic had caused some delays in issuing the RFI. The RFI (RFI-CW2020-001) seeks information from interested parties for the supply and construction of the subsea cable solution. The RFI is intended to gather information that could assist in the development of a future procurement process. See ATT-2.

Recipients under Canada's funding program (and co-funded under the Connecting British Columbia program) will be required to *"use a fair and competitive or otherwise*

justifiable and generally accepted sound business process that results in competent and qualified contractors and/or personnel working on the project”.

Operational steering committee meetings and associated work related to taxation, permitting and consultations have been suspended since January 2020, pending the results of a procurement.

Project leads request a project extension

CityWest and Strathcona have discussed a request for a project completion date extension from March 31, 2021 to March 31, 2023. A revised project timeline would require contract amendments from Canada and Northern Development. Canada has indicated to the recipients that federal funding must be disbursed by March 31, 2023.

In reviewing the request for a project extension, Northern Development is undertaking due diligence and prior to issuing contract amendments have asked for the results of the procurement and start date for deploying the subsea cable. The previous project schedule indicated that two years was required to complete the build, including two full summer build periods.

Project lead staff turnover

Both CityWest and Strathcona have had project lead staff turnover that have not yet been resolved. Dave Leitch, Chief Administrative Officer, is acting as the lead for Strathcona and Bob Long, Chair of CityWest Board of Directors, has taken over as the lead for the CityWest portion.

CONCLUSION:

The Connected Coast Network when complete will achieve two priorities:

- Bring unprecedented digital capacity to rural and remote communities and position B.C. to better optimize its coastal advantage.
- Create a diverse and reliable path for connectivity to the north to mitigate loss of connectivity should service on the existing routes be interrupted by, for example, extreme weather, wildfire, flooding, slides).

It is important to note that community digital planning is needed to help communities plan for last-mile infrastructure solutions and the Ministry is assisting communities with this work through its relationship with the Coastal First Nations alliance. Last-mile solutions will be unique to each community depending on their aspirations, resources and existing connectivity landscape.

The Connected Coast Network project has had setbacks from the lengthy contracting process and through the development of a relationship between the proponents to jointly own and manage the network.

ATTACHMENTS:

Attachment 1: Connected Coast Network Route and Landing Sites Map

Attachment 2: Connected Coast Request for Information

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INFORMATION NOTE

Cliff #: 149444

Date: June 5, 2020

PREPARED FOR: Honourable Michelle Mungall, Minister of Jobs, Economic Development and Competitiveness

ISSUE: Self-isolation requirements for the film industry

BACKGROUND:

Under federal and provincial health orders, persons entering British Columbia from abroad must self-isolate for 14 days upon arrival. Film industry stakeholders have indicated that the 14-day self-isolation requirement is a barrier to restarting productions, which often rely to some extent on actors and technical staff from outside Canada.

DISCUSSION:

The self-isolation requirements help ensure that individuals arriving from abroad do not spread COVID-19. Narrow exemptions exist for workers who perform an essential service, but staff for film and television productions are not included in the definition of essential. Health officials and the Premier have indicated that exceptions will not be made for the film industry.

The live-action film industry has largely shut down in response to COVID-19. However, work that can be done from home (e.g. animation, visual effects and scriptwriting) is continuing. In particular, animation has seen a boost in demand as studios look for alternate ways to produce content. Visual effects has done well since the pandemic began, but largely relies on live-action footage for work and is now seeing the stock of workable footage decline.

The Federal Government created a \$500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations in May, with \$115.8 million going toward the Canadian audiovisual sector.

BC's *Restart Plan* includes the film industry as part of "Phase 3", for businesses that will reopen in June to September if transmission rates remain low or in decline. The plan indicates that the restart will commence with domestic productions in June or July. The industry is planning to adapt by using smaller crews, rewriting scenes to accommodate social distancing measures, and using visual effects to make actors appear closer together than they actually are.

The majority of BC's film industry consists of service work for American productions, so the self-isolation requirements are a significant constraint on the industry's business model. However, the restrictions may create opportunities for local film crews. Several factors should help make BC an attractive destination for filming once entry restrictions are relaxed, including BC's success at controlling COVID-19, the weakening Canadian dollar relative to the start of 2020, an experienced local work force, proximity to California and generous film tax credits.

SUMMARY:

Film workers arriving from abroad are required to self-isolate for 14 days upon arrival to BC. Animation, visual effects and screenwriting work has continued despite COVID-19, and live-action productions are planning to restart this summer.

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BRIEFING NOTE

Meeting with Edoardo De Martin, GM of Microsoft Vancouver

Briefing Note

What: Discuss how Tech companies can adapt for the future coming out of the COVID 19 pandemic and what it might look like for them

Who: Edoardo De Martin, GM of Microsoft Vancouver

Executive Summary:

Key messages:

- Enabling people to return to meaningful work safely is a priority.
- It's expected that the tech sector will recover faster than other sectors.
- Recovery in Vancouver, as well as throughout the province is important.
- The Province recognizes that Microsoft is a contributor to B.C.'s economy and will be important in recovery efforts. As B.C. continues to develop and refine its recovery strategies, we will be engaging with sectors and key companies including Microsoft to develop a shared and collaborative approach.
- One of the important areas where we'll be seeking input is how the tech sector can effectively engage with other sectors of the economy and in regions across B.C. to promote innovation and in turn improve competitiveness and productivity, all of which will be critical to our longer-term efforts.

Background:

Microsoft in B.C.: Microsoft has more than 950 employees in B.C. and is active in the innovation community, including supporting the growth of B.C.'s talent pool. Microsoft recently confirmed plans in fall 2019 to expand its footprint in Vancouver to accommodate its growing staff complement.

Areas of Alignment:

Microsoft co-chairs **Canada's Digital Technology Supercluster** and has provided its Azure Cloud platform for 11 of the projects. More information on these projects are contained in Appendix B.

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Microsoft Airband Initiative: Launched in 2017, the program invests in partnerships with telecommunications companies with the goal of bringing broadband connectivity to underserved communities. In 2018, Microsoft successfully partnered with ABC Communications to test the technology in the Verdun area near Francois Lake. No subsequent tests have occurred. This could be an area of potential alignment as the Province works to grow connectivity as part of its recovery efforts.

Quantum computing In March 2020, the Province stood up the Quantum Algorithms Institute, which includes IBM, D-Wave, 1Qbit and BC post secondary institutes. The institute is preparing to onboard Microsoft and the University of BC (UBC) as new members in June. Microsoft will have a seat on the Board and Edoardo is expected to fill that role. The institute's board is chaired by 1Qbit co-founder Landon Downs.

B.C. has the second largest **AR/VR** cluster globally. Microsoft supports the cluster by investing in education, collaboration space and working with smaller companies. AR/VR will be a growth area due to demand for new digital media content and the increasing growth of remote and virtual approaches to work.

The **Cascadia Innovation Corridor** is an opportunity to leverage each jurisdiction's strengths to help grow our regional and complementary economies. Areas of interest around life sciences, emergency management, clean tech and high-speed rail offer a chance to grow back better. Edoardo is the co-chair of its "Transformative Technologies" subcommittee. Microsoft has also supported two business case studies into ultra-high-speed transportation between Greater Vancouver, Seattle and Portland.

Immigration: B.C. has supported Microsoft's international recruitment efforts through the Provincial Nominee Program (BC PNP) and through Microsoft's designation as a Significant Investment Project. BC PNP has nominated 77

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individuals supported by Microsoft. The BC PNP Tech Pilot, introduced in 2017, further enhanced Microsoft's ability to recruit top international talent.

Microsoft's designation as a Significant Investment Project enables them to forego the typical Labour Market Impact Assessment (LMIA) process when hiring temporary foreign workers. In May 2020, the Ministry of Jobs, Economic Development and Competitiveness (JEDC) completed an evaluation of the Project; Microsoft is aware that the evaluation was conducted, but has not been informed of the results. The evaluation found that Microsoft Vancouver met or exceeded initial estimates for number of hires, jobs created and investments. No compliance issues were found and the administrative process were deemed timely and predictable.

Recommendations:

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Appendix A: Biography Edoardo De Martin

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Appendix B: Digital Supercluster Projects Supported by Microsoft

Technology Leadership Program

(1) *Earth Data Store*, which aims to build a data commons for Earth Observation and other geospatial data, and use machine-learning and artificial intelligence to create ready geospatial applications. The Consortium will develop industry-specific applications that will allow end-users to see how a region evolves over time using visual interactive maps and running deep learning algorithms; and

(2) *Secure Health and Genomics Platform*, which aims to create a secure Pan-Canadian digital platform that leverages advanced innovative technologies and be the first critical step in realizing the ISED Health and Biosciences vision to position Canada as a global leader in health and biosciences, unleash the economic potential of the sector and enable improved health outcomes for Canadians. The Province is supporting both projects in an advisory capacity.

(3) *Fresh Water Data Commons*, which aims to harness data to improve water use, conservations and management. The goal of the project is to develop a platform for harnessing all the water monitoring data from an entire river basin of the Columbia Basin in southeastern B.C. to better understand the health of the surrounding ecosystem to provide a real-time view of ecosystem health.

(4) *The Learning Factory Digital Twin*, which aims to integrate advanced materials research with emerging manufacturing technologies to make products lighter, stronger, smarter, more durable and energy efficient, while minimizing production costs. The simulation of traditional factory processes in a virtual environment will create, in essence, a digital twin of a physical production facility and will B.C. as a global leader in digitally enhanced advanced manufacturing, leveraging the Province's growing technology sector and existing relationships within the Cascadia corridor.

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Capacity Building Program

(5) *Diversifying Talent* in Quantum Computing, which aims to work with Indigenous education leaders to ensure that young people are aware of the career opportunities presented by this revolutionary technology.

(6) *Future Capital*, which aims to provide investment education that enables women to lead and shape the future of the economy. By providing women leaders with the skills to invest in early-stage ventures, this program will enable women to participate in the next generation of high-growth businesses as investors, advisors and board members and close the gender gap.

(7) *HyperTalent*, which aims to focus on educators and connecting with Indigenous youth to tackle the tech talent shortage. The program will connect more than 100 teachers from rural and urban school districts with educational seminars, tours of leading technology companies, and hands-on experiences. This will build awareness of the kinds of tech careers open to students, and connect school curriculums with real-world examples of the opportunities ahead.

COVID-19 Program

(8) *Beacon - Realtime Global Data Sharing Network*, which aims to securely share data and knowledge about the genetics of the COVID-19 virus in real time over a cloud-based global network is critical to the rapid development of treatments and therapies. This project allows scientists and researchers to do just that - improving our knowledge at a speed and scale that isn't otherwise possible.

(9) *Feeding our Front Lines*, which aims to provide an e-Grocery management system that manages food quality and freshness and optimizes packing and deliveries to provide fresh food delivery to our frontline workers and patients, while simultaneously ensuring food security for Canadians throughout the COVID crisis.

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(10) *Lifesaver - Predicting emerging pandemics*, which aims to develop a new tool to better forecast emerging pandemics. This platform will enable decision-makers to better predict emergencies and regional needs, thus allowing for effective planning and deployment of resources.

(11) *Digital Telework for Remote Physical Work*, which aims to expand beyond the existing use of video and audio technologies for the virtual work environment and test the use of robots in long-term care and clinic settings using 4G/5G networks and digital medical tools such as digital stethoscopes and biometric monitoring to improve patient care, patient outcomes, and the work environment for healthcare teams.