

MEETING NOTE

Advice to Minister Beare

Date: January 12, 2023

CLIFF#: 118982

ISSUE: Hydro Pole Attachments

BACKGROUND:

On March 8, 2022 the Province announced a connectivity target to connect 100% of all homes in BC to high-speed internet by 2027.

- Funding for connectivity infrastructure has been secured, including leveraging \$415 million in federal funds. If the connectivity target is not met by the specified date, these federal funds may be lost.
- Underserved homes are disbursed throughout the province.
- Access to passive infrastructure, including hydro poles will be critical to achieving the provincial goal.

Connectivity supports other government priorities, and the economic sustainability and growth of rural and indigenous communities.

DISCUSSION:

Hydro pole impact:

New connectivity programming is expected to generate up to s.17 projects from up to s.1 different service providers including TELUS.

- Projects are expected to request access to approximately s.17 s.17
- New connectivity projects requesting access to hydro poles are expected to begin to be submitted by Spring 2023.
- Should programing or service provider only investment include cellular ready highway segments, s.17 s.17 See ATT-1 for highway cellular coverage map.

Key issue:

s.13

- Project timelines experienced by service providers other than TELUS have been in excess of 2-years in some cases. s.13 s.13
- While a joint table has been struck with BC Hydro and Telus TELUS with other service providers, the s.13 The table has been in existence for just over a year.
- In addition to the joint table, BC Hydro has participated directly on dedicated project tables where joint effort to address issues was required for specific projects BC Hydro has expressed interest in continuing its involvement on future project-specific collaborations in the future.

- BC Hydro does not have a mandate to facilitate more transparent and effective access to hydro poles for the purpose of supporting the expansion of connectivity.

To enable internet service providers to invest and deploy high-speed networks, access to poles must be timely, predictable, safe and affordable to address public needs.

Financial impact to BC Hydro:

Pole attachments are a revenue source for BC Hydro.

- Service providers pay millions of dollars to BC Hydro and TELUS for pole attachments.
- Delaying pole attachments delays pole revenue which is paid as an annual fee per pole per year.
- BC Hydro downloads costs to service providers associated with make ready work for pole attachments including whole pole replacement fees for poles that are near end of life.
- s.17

- CITZ has supported EMLI's letter to Health Canada regarding an extension to the phase-out period for utility poles treated with the pesticide Penta. The impact to the pole supply chain in the short term could impact both CleanBC utility upgrades and Connectivity project timelines.

Other jurisdictions have taken steps - Jurisdictional Approaches to 'One-Touch, Make Ready' (OTMR)

Ontario's One OTMR

- Passed new legislation '*Supporting Broadband and Infrastructure Expansion Act, 2021*' to help lay the foundation for community growth, renewal, and long-term economic recovery (Royal Assent¹ on April 12, 2021).
- Reduces costs to internet service providers associated with attaching broadband wirelines to hydro utility poles.
- Establishes performance standards and timelines for how utility companies must respond to attachment requests.
- Builds on Ontario's Up to Speed: Ontario's Broadband and Cellular Action Plan and its \$1B commitment to improve broadband and cellular services.

Hydro Quebec's OTMR

- Commissioned external engineering companies to review standards and propose new measures to speed up access to its poles.
- Allows service providers to do their own survey and engineering work on poles.
- Established a 'Centre of Excellence' to share best practices with service providers that are recipients of broadband funding programs.
- Improved communications through a dedicated technical and decision-making resource.
- Launched a trial of OTMR, which streamlines attachment work on poles by having one work crew make all changes at one time. If the trial run goes well, then Bell, the incumbent in Quebec, intends to explore a potential expansion on new process changes in other provinces and territories where it operates.

¹ Bill 257, Supporting Broadband and Infrastructure Expansion Act, 2021: [Bill 257, Supporting Broadband and Infrastructure Expansion Act, 2021 - Legislative Assembly of Ontario \(ola.org\)](https://www.ola.org/bills/257)

United States OTMR

In 2018, the Federal Communications Commission issued a OTMR game-changing order, fundamentally changed the previous installation methods for utility pole attachments.

- Approved tighter deadlines to shorten many of the steps in the deployment process. Distinguishes between simple versus complex attachments.
- Prohibits state governments from declaring moratoria that stops broadband deployment.
- Sets rules for determining whether an attachment application is complete. And sets time limits for the asset owner to make that determination.

In all cases hydro utilities in these jurisdictions have been mandated to support the expansion of connectivity through access to hydro poles by internet service providers.

s.13; s.17

There is a pending CRTC consultation (2020-366) regarding regulatory measures for access to poles. Proactive steps in advance of the pending CRTC ruling would allow the Province to set its own terms and streamlined process for pole attachments before potentially prescriptive measures are imposed.

s.13; s.17

² One Touch Make Ready in the USA

Steps that can be taken by CITZ to support BC Hydro:

The new program under development with CITZ can support BC Hydro prepare for upcoming projects.

- In early 2023, CITZ can share in confidence locales associated with the 115,000 underserved households in BC and the related hydro poles that will likely be impacted by expected projects.
 - As the program is to connect 100% of the province, BC Hydro can take projective steps to determine the state of poles and accelerate project assessment requirements.
- CITZ can confirm at the time of project approval, expected BC Hydro poles that could be impacted by specific projects.
- CITZ new program is expected to generate regional projects, through the zones approach, that can better consolidate projects and bundle BC Hydro work related to make ready and other requirements.
- CITZ can work directly with BC Hydro on the cost estimate to expand cellular to underserved segments of highway currently under development.

s.13; s.17

While CITZ can provide insight into pending project needs, BC hydro and TELUS have the expertise and accountability for hydro poles.

- CITZ is not familiar with or privy to BC Hydro's and TELUS's internal systems to manage access to hydro poles.
- TELUS's approach to hydro pole access for their space on poles is regulated by CRTC.

Attachment(s): ATT-1 Map of cellular in the Province
ATT-2 Detailed summary of recommendations

Contact: Susan Stanford, Assistant Deputy Minister, Connectivity Division, 250 580-7459
Rachel Greenspan, Executive Director, Network BC, 250 880-7603



Legend

- Highways with Cellular
- Highways without Cellular
- Highways without Cellular but with Power



Ministry of
Citizens' Services

Highway Cellular

Passive Infrastructure – Utility Pole Access

Topic	What it is	Why it's a problem	Remedies suggested by Local Government
<p><i>Excessive length of time to gain access</i></p> <p><i>Slocan Valley / RDOS / Union of BC Municipalities (UBCM) / RDEK / RDBN / Regional District of Fraser-Fort George (RDFFG) / Village of Valemount / District of Lillooet / Village of Queen Charlotte</i></p>	<p>The permitting process to attach to poles</p> <p>Make ready refers to the process of preparing a utility pole to receive a new fibre attachment. It may involve pole replacement and movement.</p>	<ul style="list-style-type: none"> ○ There is no service standard time for make-ready work and access to a pole, including access to a large number of poles. Hydro's approach is on a project-by-project basis. ○ The 3rd party wanting to place a new attachment (usually fibre) on the pole must contact the pole owner with the request. ○ Make-ready fees are charged for pole upgrades or replacement to accommodate the new attachment. ○ Need for equitable access to poles by multiple providers and the need to disable 'reserved' space or 'spare' capacity, which is a tactic that the pole owner has used in order to deny a permit request. ○ A request to over-lash additional cables should be a simple process yet it is subject to a time consuming permitting process. 	<ul style="list-style-type: none"> ○ <i>There should be a mandated process and timeline for projects including make-ready work, including provision of a detailed cost breakdown.</i> ○ <i>Make-ready should be a one-touch process where those attaching fibre can choose their contractors rather than relying on the pole owner.</i> ○ <i>Non-discriminatory access to the poles. One company should not be favoured over another or pole owner permitted to reserve spare capacity for future use (use it or lose it).</i> ○ <i>A request to lash additional cables to existing cables should be a simple process.</i>
<p><i>Attachment Fees (Cost per pole)</i></p> <p><i>Regional District East Kootenay (RDEK) / Regional District of Bulkley-Nechako (RDBN) / Regional District of Okanagan-Similkameen (RDOS) / Village of Valemount / District of Squamish</i></p>	<p>The flat fee charged per pole/ per month for a 3rd party to attach a fibre strand</p>	<ul style="list-style-type: none"> ○ In rural BC, due to a lower population density, the cost of attachments for expected revenue can be prohibitively high, even with high funding ratios from the government, which deteriorates service provider business case ○ Permitting process to attach extend project build cycles by 12 to 24 months pushing completion dates beyond funding program allowances. ○ BC Hydro monthly rates are not published and are not regulated like those of TELUS. In 2015, TELUS applied to the CRTC to increase its monthly rate from \$1.44 to \$1.61 per month. 	<ul style="list-style-type: none"> ○ <i>Streamline the process</i> ○ <i>Fee structure that doesn't adversely impact smaller more distant communities that need access to a greater number of poles</i> ○ <i>Create a local government liaison for local government work</i> ○ <i>Clarity of decision maker</i> ○ <i>Align and make transparent TELUS and BC Hydro rates.</i>

Passive Infrastructure – Utility Pole Access

Topic	What it is	Why it's a problem	Remedies suggested by Local Government
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<p><i>Application Process for pole attachments</i></p> <p><i>Queen Charlotte / UBCM / RDEK</i></p>	<p>A third party application for attachments results in a project without a clear process, accountability, milestones, protection of privacy or project governance</p>	<ul style="list-style-type: none"> ○ Applications compete for internal resources within BC Hydro which have priority over the request. ○ Through the application process TELUS is alerted to a 3rd party request which provides competitive information and allows TELUS to make a competitive response. ○ There is no formal process to ensure that the request is handed off from Hydro to TELUS and other contractors and tracked effectively to completion. ○ Application fees are paid to BC Hydro for a review of a pole attachment application, they are due in advance and not refundable. ○ The review may take months or years to complete. Estimated project costs may prove to make the project untenable. 	<ul style="list-style-type: none"> ○ <i>Non-discriminatory access to the poles.</i> ○ <i>Need for alternative approval processes for all providers to have equal access to the infrastructure.</i> ○ <i>Not all poles are regulated and there is a need for standardized access regime so all poles should be under the same regulations.</i> ○ <i>CRTC regulation changes would provide a reduction in delays, certainty in project timeframes for funding programs and ability to apply.</i> ○ <i>The application process to attach to poles should be subject to mandated timelines, including timelines for applications for large number of poles.</i>
<p><i>Permitting engagement process and dispute resolution</i></p> <p><i>RDEK / District of Squamish</i></p>		<ul style="list-style-type: none"> ○ The permitting engagement process to attach to a pole is complex and opaque and there is a need for a dispute resolution process, which does not currently exist. ○ Service providers are filing complaints to the provincial government ministries and increasingly the Province is having to intervene to determine a way forward and not jeopardize private and federal investments in network expansion projects. 	<ul style="list-style-type: none"> ○ <i>There should be a streamlined dispute resolution process if issues arise between pole owner and attacher.</i>

Passive Infrastructure – Utility Pole Access

Topic	What it is	Why it's a problem	Remedies suggested by Local Government
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<i>Legislation / Regulation</i> <i>UBCM / City of Quesnel / RDFFG / Princeton</i>	<i>New Regulation to standardize pole access by multiple parties</i>	<ul style="list-style-type: none">○ Lack of standardized access and processes across pole owners.○ Historically, BC Hydro and TELUS entered into an agreement regarding shared use of poles (they own the majority of poles), but not all poles in the province are necessarily covered by this agreement.○ Ontario and Quebec have enacted provincial legislation that regulates access to passive infrastructure. The legislation establishes requirements for timely response from the owners of existing passive infrastructure, when they receive an access request.	<ul style="list-style-type: none">○ <i>Legislative agreements to reduce delays in access, certainty in project timeframes for funding programs and the ability to apply and be treated fairly.</i>○ <i>Province of BC can help just like Ontario and Quebec are doing. ON and QC have established legislation, timely access and compensation.</i>○ <i>Assure organizations and funders of a standardized access regime no matter where in BC the work is taking place.</i>

BRIEFING NOTE

Meet and greet meeting with Shaw

Briefing Note

What:

Kiersten Enemark, Government Relations Director and Gurpreet Vinning, Consultant have requested a meet and greet meeting with the Premiers Office and to provide an update on the recent Rogers/Shaw acquisition activities.

Executive Summary:

Shaw representatives are seeking a preliminary meeting to meet Premier's Office staff in advance of the final decision of the Rogers acquisition of Shaw which could be decided as early as the end of January 2023.

Background:

As part of the process to gain approval for the Rogers/Shaw merger, Shaw has agreed to sell Freedom Mobile to Quebecor Inc.'s subsidiary Videotron Ltd. Shaw is arguing that the merger with Rogers will increase competition rather than lessen it on the premise that the combined company will be able to compete for market share against TELUS in B.C. and Alberta.

In October 2022, Innovation, Science and Economic Development (ISED) denied the transfer of spectrum assets from Shaw to Rogers as part of the planned merger. At the same time, ISED laid out its expectations that Shaw, Rogers and Videotron must agree to a non-transferable 10-year licence term for any spectrum that Quebecor acquires out of the deal, in order to ensure that Quebecor's Videotron stays in the national market for the long run. An arrangement has been struck between the parties. ISED also expects that prices for mobile services in the Western Canada and Ontario be comparable to what Videotron is offering in Quebec, which are about 20 percent lower than the rest of Canada.

BRIEFING NOTE

Meet and greet meeting with Shaw

As part of the acquisition, Rogers has committed to fund connectivity expansion (both broadband internet and cellular services) to underserved regions of the province. In total Rogers will invest \$1 billion in the western provinces in service expansion with \$450 million allocated to B.C. Citizens' Services has been working extensively with Rogers and Shaw and is confident that Rogers will make the investment as indicated.

The court hearing is expected to take place on January 24th and 25th followed by a subsequent decision from Minister Champagne, Innovation, Science and Economic Development Canada.

Shaw and Rogers will be seeking meetings with provincial elected officials following the announcement when, and if it happens. Shaw has indicated that they will not be making any requests of the B.C. government in this meeting.

Recommendation:

Encourage Shaw to continue working with the Citizens' Services to identify opportunities to expand connectivity in the province including committing to the \$450 million investment to expand services rapidly.

INFORMATION NOTE

Advice to the Deputy Minister

DATE: January 19, 2023

CLIFF#: 118988

ISSUE: Combined Strategic Telecommunication Services Deal Performance Treasury Board and Strategic Investment Fund (SIF) Quarterly Report (FY2022/23 Q1 ending June 30) Backgrounder

DESCRIPTION:

- The Strategic Telecommunication Services Deal Performance quarterly report (Treasury Board Report), as per the Telecommunications Service Master Agreement (TSMA) requirement, provides detailed information on the Strategic Investment Fund, Connectivity, TSMA Service Quality, Onboarding, and TSMA Value for Money, that aligns with the strategic objectives identified in the TSMA Deal.
- The Strategic Investment Fund (SIF) quarterly report provides detailed information on fund value, updates on the portfolio of SIF projects, governance structure and decisions in the quarter, and notes on issues and opportunities related to SIF.
- As per governance direction, the Telecommunication Office has combined the two separate reports into one comprehensive report called the "Combined Strategic Telecommunication Services Deal Performance Treasury Board and Strategic Investment Fund Quarterly Report". This report will be sent to all audiences that previously received one or both reports.
- Financial information entered into this report is obtained from the Quarterly Spend Report (QSR) provided by TELUS to the Telecommunication Office. The QSR is received within 60 days from the end of the quarter that is to be reported. The financial information must be verified and presented in an interpretable format to the Signatories. This requires up to an additional 30 days.
- Each quarterly report is processed approximately one month after receiving a correct QSR by the Telecommunication Office. The report will contractually have information that is approximately 3-4 months past the quarter end. The report is then sent out to the Deputy Minister of Citizens' Services for final approval.

BACKGROUND:

- The Telecommunications Office generates the Combined Strategic Telecommunication Services Deal Performance Treasury Board and SIF Quarterly Report based on financial information provided by TELUS in its QSR.
- The QSR is received within 60 days from the end of the reference quarter. The Telecommunications Office must verify and organize the financial information provided so that it can be presented to TSMA entities in an interpretable format. This requires up to an additional 30 days.
- Once approved, a copy of the report is then distributed by email through the following process:

FROM/APPROVAL:	TO:
Executive Director of Contract Management and Negotiations, Office of the Chief Information Officer, Information Communication Technologies, Telecommunications Office	Sr. Executive Director, Office of the Chief Information Officer, Information Communication Technologies
Sr. Executive Director, Office of the Chief Information Officer, Information Communication Technologies	Associate Deputy Minister and Government Chief Information Officer
Associate Deputy Minister and Government Chief Information Officer	Deputy Minister of Citizens' Services
Deputy Minister of Citizens' Services	Deputy Minister of Finance
Deputy Minister of Citizens' Services and Chair of Executive Governance Committee	Executive Governance Committee members, as follows: <ul style="list-style-type: none"> • David Wong, BC Hydro • Jonathan Dube, Ministry of Health • David Byres, Provincial Health Services Authority • Christina Zacharuk, Deputy Minister, Ministry of Education and Childcare • CJ Ritchie, Ministry of Citizens' Services
Executive Director of Contract Management and Negotiations, Office of the Chief Information Officer, Information Communication Technologies, Telecommunications Office	Signatory Chief Information Officers

Attachments: Combined Treasury Board/SIF Quarterly Report 30 June 2022
Outgoing Email to Deputy Minister of Finance
Outgoing Email to EGC Members

Contact: Michael Rolston, Executive Director, Contract Management
michael.rolston@gov.bc.ca
250-812-6041

Strategic Telecommunications Services Deal

Combined Performance Report

For the Quarter ending June 30, 2022

OCIO - Information Communication Technologies (ICT)
Telecommunications Service Master Agreement - TSMA
Confidential



1. Deal Summary as of June 30, 2022

<i>Vendor</i>	TELUS
<i>Deal Signatories</i>	12 Entities: Government of BC (CITZ), BC Hydro, ICBC, WorkSafeBC, BCLC, and 7 Health Authorities
<i>Term</i>	<ul style="list-style-type: none"> Original term of 10 years: July 29, 2011 to July 28, 2021 Deal renewed for an additional 2-year from July 29, 2021 to July 29, 2023
<i>Contracts</i>	<ul style="list-style-type: none"> Telecommunications Service Master Agreement (TSMA) Strategic Relationship Agreement (SRA) Connecting British Columbia Agreement (CBCA)
<i>Deal Value</i>	<ul style="list-style-type: none"> \$922M at Deal signing \$1.64B estimate to the end of the extended term, as of June 30, 2022
<i>Deal Description</i>	TSMA includes long distance, conferencing, cellular, voice and data network services. TSMA spend is used to leverage additional benefits such as increased internet access and cellular coverage (CBCA) and a fund for new, innovative services (SRA).
<i>Deal Audits</i>	<ul style="list-style-type: none"> Audit 1: Financial Audit – Completed 2014 Audit 2: Privacy and Security – Completed 2018 Audit 3a: Cellular Price Review – Completed 2018 Audit 3b: Strategic Investment Fund (SIF) Review – Completed 2019 Audit 4: Strategic Investment Fund (SIF) Audit #2 scheduled for 2022/23
<i>Savings Achieved since Deal Signing</i>	<ul style="list-style-type: none"> \$497.78M cumulative savings since Deal signing including: <ul style="list-style-type: none"> \$296.15M Deal-signing Benefit \$162.25M Enhanced Price Review \$1.20M One-time EPR signing credit \$0.40M Cellular Price In-building Enhancement \$9.73M Progressive Data Discount benefits received \$1.04M Conferencing \$19.79M Cellular Re-Rate \$7.23M End of Term Extension
<i>Estimated Extension Benefits from 2021-2023</i>	<ul style="list-style-type: none"> \$14.11M savings from extension negotiations Additional \$17.57M in funding for the Strategic Investment Fund
<i>On-boarding</i>	<ul style="list-style-type: none"> \$66.57M estimated value of TSMA-Lite to end of the extended term \$8.28M estimated spend to end of the extended term for First Nations Health Authority \$218.06M estimated value of 18 new services to end of term
<i>Strategic Investment Fund</i>	<ul style="list-style-type: none"> \$119.54M estimated value of the fund to end of the extended term \$116.19M forecasted allocation to 24 SIF projects.
<i>Connectivity</i>	<ul style="list-style-type: none"> 1,721 km of highway received cellular coverage – <i>complete</i> 98 communities received high-speed internet – <i>complete</i> 73 communities received bandwidth upgrades – <i>complete</i> 378 schools received fibre upgrades – <i>complete</i>

2. Introduction

On July 29, 2011, the Province entered into a strategic relationship with TELUS, which is described in a series of agreements collectively referred to as “the Deal”. A Deal Office within the Ministry of Citizens’ Services manages the Deal on behalf of 12 Greater Public-Sector organizations (GPS Entities). Over a 12-year period, the Deal Office works to achieve value and benefits beyond the capabilities of a traditional shorter-term, commodity-based contract.

Given the complexity of the Deal and the intent of the strategic relationship, a deal management framework is in place to guide administration. The framework ensures time is invested achieving the strategic objectives for the Deal and delivering on the contractual terms of the underlying agreements. The appendix provides a summary table of the framework as established at Deal signing.

The strategic objectives of the Deal, as summarized from various underlying agreements, are to:

1. Provide demonstrable value for money to GPS Entities;
2. Achieve a highly connected British Columbia; and
3. Meet the obligations set out in the Deal

3. End of Term Plan

The Deal Office is developing an end of term plan to ensure the successful completion of the Deal and has commenced a new procurement for Telecom Services with the Buyers’ Group. The plan will provide guidance for understanding terms, processes and contractual requirements for the conclusion and transition of TSMA services into future contracts.

4. TSMA Value for Money

4.1 *Revenue Commitment*

Revenue commitment is based on the annual aggregate spend of the GPS Entities. As defined in the Participation Agreement, each signatory to the Deal committed to a proportion of the target spend, or Revenue Commitment, over the life of the Deal. The Revenue Commitment is measured annually and cumulatively for the term of the deal, the latter defined as the Aggregate Revenue Commitment. The Aggregate Revenue Commitment was reached in the Summer of 2020. By achieving the Aggregate Revenue Commitment, penalties and obligations with respect to the Revenue Commitment no longer apply. GPS Entities have the ability to cancel a service (including any circuit provided as part of a service) for any reason (including to go to a TELUS competitor) and no cancellation fees will be incurred. Fees that still apply if applicable to a certain service, include:

- Amortization fees
- Disconnect fees
- Equipment removal/movement costs.

Table 4a: Revenue Commitment and Eligible Spend by Entity (\$'000s)

	2011/12 – 2019/20	2020/21	2021/22	2022/23	Total ES (2)	Total Spend (3)
BC Hydro	\$77,329	\$8,234	\$7,585	\$7,914	\$101,062	291,354
BCLC	21,181	1,614	1,521	1,778	26,094	24,711
FHA	28,211	4,869	5,254	5,525	43,859	39,848
FNHA	4,535	1,033	1,001	993	7,562	7,106
Govt. BC (incl. Educ.)	508,788	56,879	54,224	52,887	672,778	808,024
ICBC	39,456	2,934	2,715	2,747	47,852	46,280
IHA	37,739	5,251	6,429	5,822	55,241	50,858
NHA	16,640	2,191	2,387	2,349	23,567	21,719
PHSA ⁽¹⁾	38,657	5,806	5,939	6,277	56,679	52,521
VCHA	56,402	9,737	11,148	9,822	87,109	79,794
VIHA	36,828	4,373	5,252	4,507	50,960	47,585
WorkSafeBC	20,576	1,958	2,155	1,964	26,653	25,583
Total	\$886,342	\$104,879	\$105,610	\$102,585	\$1,199,416	\$1,495,383

Notes:

- (1) Fraser and Vancouver Coastal Health Authorities had an offsetting transfer to the Provincial Health Services Authority in 2015/16.
(2) Eligible Spend was adjusted to include the retroactive spend for Elements (\$1.58M) and MMS (\$0.47M) services. This represented an error in previous TELUS reports.
(3) Total spend includes Eligible Spend plus services that are not included for the purposes of the Revenue Commitment.

The Revenue Commitment for the Deal of \$921.87 million was achieved in summer 2020.

4.2 Cumulative Deal Savings

The Deal provides mechanisms to accumulate benefits in the form of savings due to price reductions and through credits when thresholds are achieved.

Progressive Data Discount (PDD)

PDD credit is available to the GPS Entities when their combined spend on Data-WAN exceeds \$60M in a calendar year. The Eligible Spend for PDD benefits is calculated twice; once at the end of June against a midterm \$30M threshold and again at the end of the calendar year against the \$60M annual threshold. Due to the cumulative impact of the negotiated savings (listed below), which lowered the GPS Entities spend, the threshold is not expected to be crossed during the remaining years of the Deal.

Enhanced Price Review (EPR)

In December 2016, the Deal Office negotiated incremental data and voice service price reductions, effective August 1, 2016, and reviewed each year to the end of term. The estimated total value of the price reductions is estimated to exceed \$208.48M¹ to the end of term.

Additional Price Reviews

Cellular price reviews have provided additional benefits and discounts to the GPS Entities including one in 2015 and another in 2017. In 2016, the GPS Entities received an additional \$0.40M in-building cellular credit that was distributed on an as needed basis. The 2017 review resulted in two new cellular plan options for the GPS Entities. Existing subsidized cellular plan offerings were updated, and new unsubsidized plan offerings were introduced. The updated subsidized cellular plans resulted in a \$6.0M retroactive credit for the GPS Entities for the transition period starting from November 2017 to March 2019. Under the new cellular plans, the annual savings are

¹ This does not include the \$1.20M one-time EPR payout in 2016

estimated at \$4.24M. In addition, the Deal Office is working with each of the GPS Entities and TELUS to ensure that cellular plans are optimized and are providing the highest value.

Extension Benefits

On July 30, 2020, the Signatories finalized the negotiation with TELUS to renew the term of the Telecommunications Master Service Agreement (TSMA) and Strategic Relationship Agreement (SRA) for an additional 2-year period from July 29, 2021 to July 29, 2023. Through extension negotiations, the additional value achieved for the 2-year period is estimated as:

- Cellular Savings: \$2.29M
- Business Internet Savings: \$0.84M
- Data WAN Savings: \$10.91M
- Conferencing Savings: \$0.07M
- Strategic Investment Fund Funding increase: \$17.57M

Table 4b: Cost Reductions and Credits Applied by Fiscal Year (\$'000s)

	2011/12 - 2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Cost Reductions:								
Deal Savings	\$83,289	\$29,672	\$32,980	\$36,894	\$48,425	\$51,775	13,117	296,152
EPR	6,636	13,951	23,291	29,476	35,541	42,468	10,891	162,254
Cellular		1,767	4,241	4,241	4,241	4,241	1,060	19,791
Conferencing		-	69	249	567	129	21	1,035
End of Term		-	-	-	1,800	3,836	1,589	7,225
Sub Total	89,925	45,390	60,581	70,860	90,574	102,449	26,678	486,457
Credits:								
PDD	4,999	4,728	-	-	-	-		9,727
Other ¹	1,200	400	-	-	-	-		1,600
Total	\$96,124	50,518	60,581	70,860	90,574	102,449	26,678	497,784
Cumulative Total	\$96,124	\$146,642	\$207,223	\$278,083	\$368,657	\$471,106	\$497,784	

Notes:

- (1) Other includes a one-time EPR signing credit of \$1.20M and Cellular Price In-building Enhancement Credits of \$0.40M resulting from the Cellular Price Review.

As of June 30, 2022, total savings due to credits and reduced prices since Deal signing are \$497.78M.

4.3 Deal Office Projects and Initiatives

To ensure the management of the Deal is optimized, the Deal Office is engaged in the following initiatives:

- Developing an End of Term plan;
- Improving Deal reporting and transparency;
- Enhancing performance management reporting;
- Tracking status of copper services that are being discontinued and assisting GPS Entities in finding suitable replacements;
- Completing project and offboarding plan leading to end of term for SIF; and
- Developing and implementing an investment allocation strategy and prioritization process.

5. TSMA On-boarding and Service Quality

The value of the Deal is demonstrated, in part, by demand for new services to support GPS Entity service delivery, transformation as well as emerging government priorities.

For the first quarter, ending June 30, 2022, no new service was added to the catalogue of services available to the GPS Entities.

Table 5a: Comparison of On-boarded Services Projected and Actual Spend by Fiscal Year (\$000's)

			Deal signing				
				Actual Spend			
				Date of OB (mmm-yy)	Est. Service Value – EOT ¹	2011/12 – 2019/20	
1) Client Com. Service	Jul-12	n/a	\$368	\$72	\$ 71	\$10	\$521
2) Managed Security ³	Feb-14	n/a	920	388	1,130	99	2,538
3) Security Consulting	Feb-14	n/a	1,620	462	334	408	2,825
4) Managed Mobility	Dec-15	\$300	2,339	2,006	2,390	626	7,360
5) Managed Router	Feb-16	6,600	1,927	380	375	24	2,705
6) Managed WLAN	Feb-16	16,500	5,382	3,999	4,205	1,097	14,682
7) IP Trunking ²	Mar-17	240	1,073	1,063	1,125	291	3,552
8) DDoS Protection Plus	Mar-17	3,000	341	736	605	211	1,894
9) Telepresence	Oct-17	4,500	1,179	596	549	149	2,473
10) Elements ³	Jan-18	3,000	5,518	7,226	11,252	1,785	25,781
11) HRMS	April-18	54,000	45,491	21,973	23,583	7,150	98,197
12) Cloud Collaboration	May-18	500	269	237	313	84	904
13) WAN L2 VPN 1.5MB	Sept-18	n/a	25	17	17	4	63
14) Secure Cloud Connect	Dec-18	n/a	284	216	362	116	977
15) IVR Service	Jan-20	n/a	-	-	-	-	-
16) icePAY	Jun-20	134	-	-	-	-	-
17) HHM	Apr-19	n/a	2,138	2,211	2,635	651	7,634
18) Safe Worker	Sept-21	n/a	-	-		-	
Total		\$88,774	\$68,874	\$41,582	\$48,946	\$12,704	\$172,108

Notes:

- (1) Values for eight of the new services were not defined at the time of on-boarding.
- (2) In 2017/18 product description changed and expenditure was not included.
- (3) 2021/22 includes eligible TSMA COVID Vaccine Call Centre spend for Q1 2021/22. Long distance and Voice spend are added to Elements.

New services spend continues to exceed projected values.

Service quality is evaluated based on regular and periodic vendor and Deal related surveys and reports. Service quality, issues management, and Entity satisfaction is monitored through multiple levels of governance. Actions are taken to manage emerging issues.

At the end of the first quarter, no service quality issues were open for resolution.

6. Deal Management

6.1 Deal Audits

Under the Deal Audit Plan, one audit remains to be completed before the end of term in 2023. The final audit, Audit #4, was defined and approved by deal governance in 2020 and will focus on the Strategic Investment Fund. This is the second audit of the fund, and will provide a broader view of the fund through multiple projects that are in flight and nearing completion. It is scheduled for 2022/23.

Table 6a: Deal Audits – June 30, 2022

Deal Audit	Status	Issue date	Completion date
1. Financial Audit	Closed	2014	2014
2. Privacy and Security Audit	Closed	2015	2018
3. Price Review and SIF Project			
A. Cellular Price Review	Closed	2017	2017
B. SIF Project	Closed	2017	2019
4. SIF Audit #2 has been defined and approved by Deal governance	Open	2022/23	TBD

6.2 Service Level Agreements / Service Level Objectives:

The Deal Office completed the Gartner review of the 130 Service Level Agreements (SLAs) and Service Level Objectives (SLOs) included in the TSMA contract. The 41 SLAs and 89 SLOs was compared to industry standard equivalents and Gartner best practices.

The review concluded that the SLAs and SLOs was consistent with industry standards. In the report, Gartner provided guidance on modernizing the SLA and SLO section of each service tower. Recommendation was to reduce the overall number of SLAs to simplify the measurement and management, focus on the business requirements that the service must support, and ensure alignment of service level with the vendor capabilities and solution architecture.

The Deal Office organized Service Level workshops with the GPS Entities to capture the Service Level Requirements for each of the service towers and used those findings to drive the evolution of the SLAs and SLOs. This review was completed in 2020 and no further review is required.

6.3 Deal Obligations

Each year, the Deal Office manages approximately 1,000 contractual obligations to ensure that the contractual terms and the strategic objectives of the TSMA are being met and any risks are being mitigated. Of the 970 obligations, 419 are circumstantial and 551 are mandatory. The Deal Office, along with TELUS, monitor these contractual obligations regularly.

The Deal Office identified nine contractual obligations as coming due this quarter. Out of the nine contractual obligations, seven are accepted. The remaining two contractual obligations are in progress and neither have been escalated. The Deal Office does not believe that any of the two contractual obligations pose a threat to the delivery

of TSMA services. Should this opinion change, the TSMA allows for any contractual obligation to be escalated to the relevant governance body.

Overall, the status of the contractual obligations completed at the end of this quarter is acceptable and no contractual obligations have been escalated during this period.

Table 6b: Contractual Obligations

Obligations (approx.)	Total	Accepted	In Progress	Deferred	Escalated
Contract Obligations					
Circumstantial	419	264	28	127	0
Mandatory	551	465	82	4	0
TOTAL	970				

Table 6c: Contractual Obligations Quarterly

Contract Obligations falling due this Quarter (approx.)	
Accepted (or Pending Acceptance)	7
In Progress	2
Escalated	0
TOTAL	9

7. Strategic Investment Fund (SIF)

7.1 Introduction to SIF

Mandate:

The Strategic Investment Fund (SIF) enables investment in technology innovations that benefit citizens and Indigenous Peoples of British Columbia (B.C.), through the public sector Deal signatories.

A defining characteristic of SIF projects is that they are typically “early stage” innovations that leverage the Strategic Relationship Agreement (SRA) with TELUS. SIF invests in the following types of projects:

- Discovery Reports – (e.g.: market scans, intelligence gathering, business cases).
- Pilot / Proof of Concept (POC) Projects – (trials, experimentation, demonstration).
- Innovative Product Development Projects – (advancing from POC’s to ‘minimum viable products’ (MVP)).
- 5G Enhancement / Cellular Equipment* – (trials latest generation in-building connectivity at key locations or provides other eligible cellular equipment).

SIF was established under the Deal and is defined by SRA. Any signatories to the Deal may apply to access SIF funds according to the SRA provisions.

**The opportunity to fund Cellular in-building enhancement solutions was negotiated as part of the 2-year Deal extension.*

Key Roles:

SIF Governance Committees provide executive oversight, strategic direction and approve SIF investments. Committees are described in Appendix 2.

GPS Entities direct and are responsible for their approved SIF projects. They also submit funding requests to the Deal Office and TELUS.

TELUS: All SIF projects are delivered exclusively by TELUS and third-parties contracted by TELUS, and the SIF account resides with TELUS.

The Deal Office manages the SIF portfolio, with a mandate to maximize fund value for the public sector. It makes recommendations to SIF governance committees, provides support to public sector project teams, and liaises with TELUS on obligations and fund administration.

Maximizing Fund Value

SIF value is maximized for the public sector when 100% of fund value is deployed to produce beneficial outcomes aligned to the SIF Value Framework.

SIF Value Framework

The Investment Policy Statement (goals and objectives) for the fund are reflected in its Value Framework.¹ The Value Framework consists of four dimensions that guide investment selection, portfolio management and outcomes targeted:



¹ Implemented by Deal Office and endorsed by SIF Governance Committees, Summer 2022.

Value:

As defined by the SRA, SIF earns value based on a percentage of Eligible Spend. No monies are transferred to the Deal signatories, and the SIF account is held at TELUS. Two conservative assumptions guide fund management:

1. SIF value will be earned until the Deal reaches end of term on July 29, 2023 (subject to legal review).
2. Provisions within the SRA allow for projects to be completed after end of term provided that SIF funds have been fully allocated to approved projects by end of term.

The forecasted value of the fund fluctuates with pricing and entity consumption of services.

As at June 30, 2022:

Forecasted fund value to end of term ⁽¹⁾	\$119.54M
Number SIF projects ⁽²⁾	24
Value of SIF projects (total value allocated to projects) ⁽²⁾	\$116.01M
Estimated SIF spend to end of quarter	\$85.24M

Note:

(1) SIF estimates will continue to be adjusted based on eligible spend and negotiated agreements for newly on-boarded services.

(2) The number and value of SIF projects is based on allocations approved by the Executive Governance Committee.

7.2 SIF Portfolio Risks

The Deal Office monitors, measures and mitigates three main categories of risk: Value Risk, Project Delivery Risk, and Partnership Risk (Table 6).

Table 7a: SIF Portfolio Risks and Mitigations

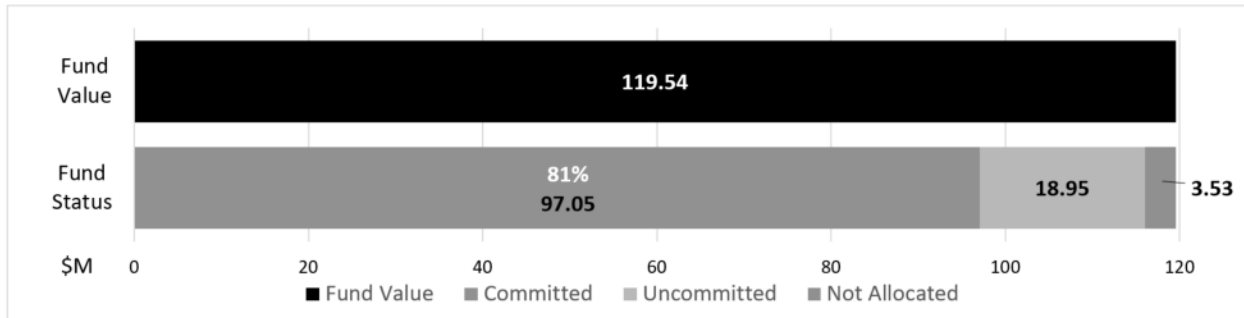
Risk Type	Causes	Portfolio Risk Status (L, M, H)	Risk Mitigation Policies & Actions
Value	<ul style="list-style-type: none"> Underspend if funding remains unallocated (subject to expiration) after end of term. Inflationary pressures and supply chain challenges reduce value-for-money. 	Med	<ul style="list-style-type: none"> Commit 100% of project funds to Service Order contracts by end of term. Maintain comprehensive Portfolio forecast updates and risk measurement. Reduce the time interval between EGC project approvals and vendor-signed Service Order contracts. Maintain a pipeline of “Quick Start” investment candidates. In final Deal year, streamline investment planning and approvals processes and target “Quick Start” investments.
Project Delivery	<ul style="list-style-type: none"> Delays, complexities and emergent issues can impact ability to complete approved scope and/or cause delays. Supply chain issues, a tight labour market and inflation impacts can result in project de-scoping or cancellation. 	Med	<ul style="list-style-type: none"> Intensify support to active projects, especially projects where funds are not fully committed to Service Order contracts or that are facing challenges. Develop Project Charters and Service Order contracts that contain concrete and realistic deliverables, timelines, budgets (legally enforceable obligations).
Strategic Relationship	<ul style="list-style-type: none"> Potential for slowing responsiveness and challenges with vendor, impacting project timelines and increasing financial and delivery risks. 	Med	<ul style="list-style-type: none"> Monitor vendor responsiveness and escalate challenges through governance. Require that Service Order contracts contain concrete and realistic deliverables, timelines, budgets (legally enforceable obligations). Maximize SIF funding allocations prior to NextGen procurement. Confirm End of Term SRA legal interpretations with vendor.

Risk mitigation plays a central role in the strategy to maximize the value of SIF for the GPS entities by end of term. Progress in the implementation of the end of term strategy is measured through several indicators by the Deal Office—the most critical of which is the “**Committed Value Metric.**”

Committed Value Metric (CVM): SIF investments are deemed to have low risk once they are committed to Service Order contracts and accompanied by a Project Charters that define concrete and realistic delivery objectives, costs and timelines for SIF projects. Note that innovative projects typically require several months of scope development before Service Orders can be implemented. Once approved (signed) by TELUS, the GPS entity and Deal Office, Service Orders strengthen the contractual obligations for TELUS to deliver a specific project alongside GPS entity roles and responsibilities.

Figure 7a: Committed Value Metric, this quarter

- **CVM this quarter:** 81% (previous quarter: 77%)
- **Objective:** reach 100% Committed Value by end of term.



Legend:

- Fund Value – Forecasted fund value to end of term (updated quarterly).
- Committed – Fund value committed to approved Service Order contracts.
- Uncommitted – Fund value allocated to approved projects with Service Orders under development.
- Not Allocated – Fund value that is available for allocation to new projects or project expansions.

7.3 SIF Investments

Updates this quarter:

- New projects: N/A
- Completed projects: N/A

Table 7b: SIF Investments

	#	Project Name	Lead	Allocation* (\$M)	Consumed (\$M)
ACTIVE	1	Home Health Monitoring	Gov (HLTH)	\$39.62M	\$39.29M
	2	BC Hydro Dam Safety & IoT	BC Hydro	\$17.79M	\$7.51M
	3	Communication as a Service	PHSA / FHA	\$12.80M	\$7.91M
	4	Health Innovation Hub	Gov (HLTH)	\$4.82M	\$3.95M
	5	Energy & Mines Digital Trust	Gov (EMLI)	\$3.33M	\$1.07M
	6	Modern Engagement Tools	Gov (EAO)	\$3.00M	\$0.36M
	7	Wildfire Response 5G	Gov (LWRS/FOR)	\$2.69M	\$0.04M
	8	Red Fish 5G Innovation	PHSA	\$2.00M	\$0.26M
	9	ICBC Street Sense	ICBC	\$1.60M	\$1.11M
	10	FNHA 5G	FNHA	\$1.12M	\$0.00M
	11	Evolving Smart Buildings	Gov (CITZ)	\$1.00M	\$0.00M
	12	Growing BC Food Security	Gov (AF)	\$2.50M	\$0.00M
COMPLETED	13	ShareEdBC	Gov (EDUC)	\$10.64M	\$10.64M
	14	Provincial Security Operations Centre	Gov (CITZ)	\$0.83M	\$0.83M
	15	Virtual Clinics for Mental Health & Substance Abuse	Gov (Health)	\$4.99M	\$4.99M
	16	Integrated Analytics Centre	Gov (EDUC)	\$3.95M	\$3.95M
	17	BCIB Authentication	Gov (PSA)	\$0.98M	\$0.98M
	18	All Hazards Communications Investment Roadmap	Gov (CITZ)	\$0.53M	\$0.53M
	19	Mobility Solution for the Social Sector	Gov (CFD)	\$0.49M	\$0.49M
	20	Connected Consultation	Gov (EAO)	\$0.49M	\$0.49M
	21	Open Innovation Collider Space	Gov (CITZ)	\$0.47M	\$0.47M
	22	COVID-19 Assistance to Vulnerable Populations	Gov (CITZ)	\$0.19M	\$0.19M
	23	ICBC Insight Data	ICBC	\$0.18M	\$0.18M
	24	Keeping Young Adults Connected	Gov (CFD)	\$0.02M	\$0.02M
		TOTAL		\$116.01M	\$85.24M

Active Investments – Status

1. Home Health Monitoring				Lead: HLTH	Financial Summary
Development of a platform that uses remote patient monitoring technology to monitor a patient's health and shares the information electronically with health care teams. Includes monitoring and tracking patients' vital signs or symptoms on a regular basis, remotely.					
Project Type	Risk Status	Progress	Date Complete		
			Jul 2023		
Quarterly highlights: Final HHM projects underway. Transitioning to Health Authorities by June 2023.					
2. BC Hydro Dam Safety & IoT				Lead: BC Hydro	Financial Summary
Develops and deploys cellular and IoT technology at remote dam facilities to improve safety monitoring and communication capabilities (spillway monitoring and the ability to locate workers, emergency responders and recreational users in emergency situations).					
Project Type	Risk Status	Progress	Date Complete		
			Dec 2023		
Quarterly highlights: Cost pressures and delays could cause scope reduction. Revised quotes forthcoming Fall 2022					
3. Communication as a Service				Lead: PHSA / FHA	Financial Summary
Develops and pilots a new service for modern communications in hospital settings, including technology, architecture, support teams, cost models, requirements, and security vulnerability mitigation.					
Project Type	Risk Status	Progress	Date Complete		
			May 2023		
Quarterly highlights: Supply chain and service design delays (4 months delay on equipment). Extension to May 2023.					
4. Health Innovation Hub				Lead: HLTH	Financial Summary
Develops and demonstrates new capability to digitally transmit patient information across networked health care providers in South Okanagan area, for making e-referrals and sharing patient records, admission/ discharge notices, and other pertinent patient information.					
Project Type	Risk Status	Progress	Date Complete		
			Dec 2022		
Quarterly highlights: Underway and on track. Charter updates for final workstreams forthcoming July 2022.					




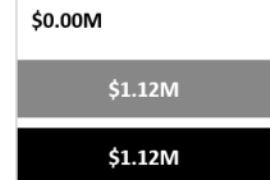
5. Energy & Mines Digital Trust				Lead: EMLI	Financial Summary
Proof-of-concept "Digital Wallet" that demos government-verified credentials about environmental, social and governance (ESG) attributes important to business supply chains and investment decisions.					
Project Type	Risk Status	Progress	Date Complete		
			Jul 2023		
Quarterly highlights: Charter updated to reflect additional scope and budget approved last quarter, including expanded mine use cases and added natural gas use cases.					■ \$ Consumed ■ \$ Committed ■ \$ Allocation





6. Modern Engagement Tools				Lead: EAO	Financial Summary
Design and implement a public engagement platform that strengthens the relationship between government and the public, and that contributes to enhanced data-driven decision making. Builds on findings of a completed SIF project, "Connected Consultation".					
Project Type	Risk Status	Progress	Date Complete		
			Dec 2022		
Quarterly highlights: Underway and on track. First major milestone (technical solution planning) completed this quarter.					■ \$ Consumed ■ \$ Committed ■ \$ Allocation





7. Wildfire Response 5G				Lead: LWRS/FOR	Financial Summary
Testing enhancements in wildfire response and communications through 5G, land radio to mobile interconnection and push-to-talk technologies, and implements cellular enhancement at wildfire centres province-wide.					
Project Type	Risk Status	Progress	Date Complete		
			Nov 2022		
Quarterly highlights: Pilots scheduled for Summer 2022 (during wildfire season). Supply chain risks may cause delay in pilot start dates. Mitigation plans implemented.					■ \$ Consumed ■ \$ Committed ■ \$ Allocation

8. Red Fish 5G Innovation				Lead: PHSA	Financial Summary
Testing pioneering innovations in patient care at a landmark new facility in B.C. – the Red Fish Healing Centre for Mental Health and Addiction.					
Project Type	Risk Status	Progress	Date Complete		
			Jul 2023		
Quarterly highlights: Cellular enhancement (DAS) installed. Innovation Lab planning underway. Extension request forthcoming to enable 1-year of data collection by research team.					■ \$ Consumed ■ \$ Committed ■ \$ Allocation




9. ICBC Street Sense				Lead: ICBC	Financial Summary
Develops video and virtual reality content into an interactive application for training new drivers on hazardous road conditions. Content will be tailored to the terrain, environment, and road design conditions in British Columbia and will be playable on a Mac or Windows personal computer, mobile, or VR device.					
Project Type	Risk Status	Progress	Date Complete		
			Dec 2022		 <p>\$1.11M \$1.60M \$1.60M</p> <p>■ \$ Consumed ■ \$ Committed ■ \$ Allocation</p>
Quarterly highlights: On track and winner of two international awards in June; CCMTA 2022 Road Safety Award & Gold International Serious Play Award					

10. FNHA 5G				Lead: FNHA	Financial Summary
The cellular inbuilding equipment will support FNHA staff and the following services will be available at the new headquarters: Health Centre, Wellness Centre, Nursing Training/SIM labs, Cultural Library, Knowledge Keepers, Emergency Response Rooms, Host FN Community Events and Cultural Gathering space (100,000+ square feet total space).					
Project Type	Risk Status	Progress	Date Complete		
			Jul 2023		 <p>\$0.00M \$1.12M \$1.12M</p> <p>■ \$ Consumed ■ \$ Committed ■ \$ Allocation</p>
Quarterly highlights: Service Order and Scope of Work approved. Installation timing depends on construction progress on the new headquarters facility.					





11. Evolving Smart Buildings				Lead: CITZ	Financial Summary
Creates a "Living Lab" at an office building to explore and demonstrate how smart building technologies reduce carbon emissions, transform work in the public service, & enhance building operations and security.					
Project Type	Risk Status	Progress	Date Complete		
			Nov 2022		 <p>\$0.00M \$0.00M \$1.00M</p> <p>■ \$ Consumed ■ \$ Committed ■ \$ Allocation</p>
Quarterly highlights: Facing equipment cost escalations / inflation. Options under development with recommendations forthcoming fall 2022.					

12. Growing BC Food Security				Lead: AF	Financial Summary
This project will provide BC farmers with access to interactive farm management resources to improve their resilience and sustainability.					
Project Type	Risk Status	Progress	Date Complete		
			Jul 2023		 <p>\$0.00M \$0.00M \$2.50M</p> <p>■ \$ Consumed ■ \$ Committed ■ \$ Allocation</p>
Quarterly highlights: Project Charter and risk assessment under development.					

Risk Status Legend

<i>Status</i>	<i>Description</i>
	TELUS, entity sponsor, and TO in agreement that project is on track and there are no major issues. Financial and project delivery risks are low likelihood/impact.
	TELUS, entity sponsor, and TO in agreement that project is at risk or there is a disagreement in the project status. Financial and project delivery risks are medium likelihood/impact.
	TELUS, entity sponsor, and TO in agreement that the project is in a critical state. Financial and project delivery risks are high likelihood/impact.

Project Type Legend

<i>Icon</i>	<i>Description</i>
	Discovery Reports – (e.g.: market scans, intelligence gathering, business cases).
	Pilot / Proof of Concept (PoC) Projects – (trials, experimentation, demonstration).
	Innovative Product Development Projects – (advancing from POC's to 'minimum viable products' (MVP)).
	5G Enhancement / Cellular Equipment - (trialing latest generation in-building connectivity at key locations, or other eligible cellular equipment).

Completed Investments

Refer to Appendix 3 for descriptions of completed projects.

7.4 SIF Fund Contribution by GPS Entity

Table 7c: SIF Contribution by GPS Entity

	SIF Contribution		
	YTD Actuals 2011/12 - Q1 2022/23	Forecast Q2 2022/23 - 2023/24	Total
Govt. BC (incl. Education)	\$57,446,803	\$4,766,390	\$62,213,193
BC Hydro ⁽¹⁾	18,093,275	\$745,873	\$18,839,149
BC Lottery Corp.	2,240,243	\$180,099	\$2,420,342
FHA	3,403,818	\$515,627	\$3,919,445
FNHA	618,289	\$96,056	\$714,345
ICBC	4,164,437	\$268,980	\$4,433,417
Interior HA	4,589,161	\$530,891	\$5,120,052
Northern HA	1,962,389	\$239,661	\$2,202,050
PHSA	4,532,329	\$550,969	\$5,083,299
VCHA	6,634,380	\$774,961	\$7,409,341
VHA	4,280,479	\$435,963	\$4,716,442
WorkSafeBC	2,290,857	\$180,546	\$2,471,403
Total	\$110,256,462	\$9,286,017	\$119,542,479

Notes:

(1) BC Hydro contributed to the fund through SRA contracts, which terminated in 2016/17 increasing their proportion of the fund relative to the TSMA spend.

7.5 Professional Services Rates

The Deal Office conducts reviews of professional services rates for SIF projects for compliance with TSMA negotiated rates. Findings have indicated that rates are predominantly at or below market rates for similar services, including for the Home Health Monitoring project.

7.6 SIF Intellectual Property Ownership

Intellectual Property (IP) for SIF projects is subject to TSMA Section 21, generally interpreted as follows:

- A. The applicable GPS entity retains any pre-existing IP that it contributes in the development of a SIF project (S. 21.1.1).
- B. TELUS and any vendors subcontracted by TELUS retain any pre-existing IP contributes in the development of a SIF project (S. 21.1.2).
- C. IP rights for any “**New Material**” created as a result of a SIF project will transfer from the TELUS (and any vendors subcontracted by TELUS) to the applicable GPS Entity (21.1.4).

Early disclosure of pre-existing IP contributions and interests by all parties is pertinent to managing project risks and costs. IP matters can be complex, particularly for SIF projects that have a core component that leverages TELUS or third-part vendor IP, but the remainder is new material.

Prior to a project off-boarding from SIF and becoming operationalized as a GPS-Entity funded program, GPS Entities will need to evaluate the cost to replace the TELUS/vendor owned portion of the project (if any). In some

cases, GPS Entities may relinquish their right of IP ownership through negotiations with TELUS. Project leads have been encouraged to evaluate IP as early as possible in the project development process.

All new SIF projects approved from September 2020 onwards require explicit reference to IP within their SIF Project Charters. This includes reference to IP terms under the TSMA as well as disclosure of pre-existing IP to be contributed, that would not constitute new material developed because of the project.

7.7 Gross Margin on Contracted Resources

Professional services offered by employees of TELUS are priced based on the rates set out in the TSMA Price Book. In cases where TELUS subcontracts professional services resources of third parties, TELUS has the right within the Strategic Relationship Agreement to earn a gross margin.

From Deal initiation in 2011 through to July 29, 2020, a gross margin of 25% was added to the professional services costs of subcontracted resources. As part of the two-year Deal extension, the Telecom Office negotiated reductions in the gross margin applied to subcontracted resources that have been contracted on a 'time and materials basis.' Gross margin in these cases reduced from 25% to 15%, applicable from July 30, 2020, onwards for all new Service Orders under existing and future SIF projects.

In cases where TELUS is assuming project risk (such as fixed pricing, delivery timelines with contractual consequences or the inability to flow through obligations to third parties), TELUS has the right to charge a risk premium as agreed by the Parties.

8. Connecting British Columbia Agreement

Most of the 106 connectivity commitments under the Connecting British Columbia Agreement (CBCA) were due for completion in year 6. Overall, achievement toward connectivity milestones remained on track given the overall timeframes for completion of each component. A review of the obligations in the CBCA during the end of term analysis determined that the agreement was complete and was therefore not extended past July 2021.

Table 8a: Schools Upgraded

At contract signing 437 school sites were identified as being eligible for service upgrades where TELUS would waive the one-time installation charge as sites were converted to fibre-optic connections. Annual targets were not identified, as this program was demand driven. Upgrades were initiated by schools, which paid for the increased operational costs.

From the original Transition Project, the Ministry of Education confirmed 378 of the 437 school sites could benefit from the upgrades as 36 schools have either closed or moved, 16* sites are self-provisioned, 4 are with alternate providers, and 3 were upgraded post Transition Project and were not eligible to have the one-time installation charge waived.

The Ministry of Education identified that there are no remaining sites left to be upgraded. As of September 2020, the one-time charge savings, for schools upgraded, is valued at \$1,124,550 (i.e., calculated at 378 X \$2,975).

										Target
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Target
Schools Upgraded	69	119	71	5	93	19	2	0	0	
Cumulative	69	188	259	264	357	376	378	378	378	378

Table 8b: New Communities Connected – Completed

						2015/16				Target
	2010/11	2011/12	2012/13	2013/14	2014/15	Q1	Q2	Q3	Q4	
New communities connected (#)	1	32	34	10	11	1	3	6	-	
Cumulative	1	33	67	77	88	89	92	98	-	98

This measure pertains to the provision of high-speed internet access in designated communities where it is limited or non-existent. This benefit is funded by TELUS. Annual targets were not identified due to complexities of building infrastructure in these areas. The program was completed in 2016.

Table 8c: Services to Communities Improved - Completed

									2019/20	Target
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Q3	
Communities upgraded (#)	0	14	19	9	9	7	8	3	4	
Cumulative	0	14	33	42	51	58	66	69	73	70

This measure pertains to the provision of increased service capacity through bandwidth upgrades at 70 internet gateways installed by TELUS under a previous provincial agreement. As this program is demand driven, annual targets are not identified. Upgrades are initiated at the request of the internet service providers that receive services via the gateways. This obligation was met in Q3 of 2019 and exceeded the target of 70 internet gateways being upgraded.

Table 8d: Cellular Service along Highway Segments – Completed

								2016				Target
	2009	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	Q4	
Highway connected (km)	132	102	107	274	276	323	305	100	142	36	-	1,716
Cumulative	132	234	340	614	890	1,213	1,518	1,643	1,685	1,721	1,721	

A milestone of 100 per cent completion was achieved against the commitment to increase cellular service along segments of provincial highways in 2016.

9. Budgetary Compliance

Table 9a: Fiscal Year 2022/23

(\$000's)	2022/23 Budget	2022/23 Q1 Actuals	2022/23 Q2-Q4 Forecast	Total
Funding ⁽¹⁾	2,700			2,700
Expenditures ⁽¹⁾	<u>2,700</u>	<u>589</u>	<u>2,111</u>	<u>2,700</u>
Variance	<u>0</u>			<u>0</u>

Notes:

1. Funding was approved by the Council of CIOs and the Executive Governance Committee. The Deal Office fiscal spend was on target.

*The industry standard cost for contract management offices is between 3-8% of spend with an average of 4.2%.
The Deal Office continues to operate at less than 3% of spend.*

9.1 Deal Office Funding

The contributions from the GPS Entities are based on the allocation principles provided for in Schedule C, Section 1, of the Participation Agreement. Allocations across the GPS Entities for 2021/22 are as follows:

Table 9b: Budget Allocations

Entity	Allocation %	Annual Recovery from Entities
Government of BC (Province)	52.84	1,426,680
BC Hydro	11.66	\$314,820
Vancouver Coastal Health Authority	6.46	174,420
Insurance Corporation of British Columbia	5.72	154,440
Interior Health Authority	4.86	131,220
Vancouver Island Health Authority	4.76	128,520
Fraser Health Authority	3.89	105,030
WorkSafeBC	2.62	70,740
Provincial Health Services Authority	2.55	68,850
BC Lottery Corporation	2.38	64,260
Northern Health Authority	2.1	56,700
First Nations Health Authority	0.16	4,320
Total GPS Entities	100.00%	\$2,700,000

Cost recoveries are completed in semi-annual installments. The first installment is 50 per cent and is invoiced at the end of Q2. The second and final installment is invoiced in Q4.

The NextGen telecommunications procurement project received approval from Treasury Board for contingencies funding to ensure that the procurement is adequately resourced, the dedicated team is effectively equipped, and the procurement is expertly negotiated.

Appendix 1

Objective 1: Achieve and Sustain a Strategic Relationship				
Performance Indicator	Metric & Measure	Cumulative	Target	Target Met
New strategic business opportunities are identified and aligned, and governance is working as intended	Performance of measures for Objectives 2 and 3 are a proxy for Objective 1	See below	See below	On track
Objective 2: Achieve a Highly Connected British Columbia				
Performance Indicator	Metric & Measure	Cumulative	Target	Target Met
Access to telecommunications services increased for people living in rural and remote areas	Number of new communities receiving high-speed connectivity	98	98 by 2015	Complete
	Number of kilometers of highway receiving cellular service coverage	1,721	1,716 by 2016 year end	Complete
	Number of communities receiving bandwidth upgrades	73	70 by 2021	Complete
	Number of schools receiving fibre upgrades	378	437 by 2021	Complete
Objective 3: Provide Demonstrable Value for Money to the Greater Public Sector				
Performance Indicator	Metric & Measure	Cumulative	Target	Target Met
Service cancellation penalties are avoided through meeting the Revenue Commitment	Demonstrate that the Eligible Spend meets or exceeds the Revenue Commitment	\$938.5M (2020)	\$922M	Complete
Cumulative cost reductions are realized	Cost reductions continue to accumulate (exclusive of PDD and Cellular Price In-building Enhancement Credits).	\$486.46M	Continues to accumulate	On track
The Strategic Investment Fund (SIF) value is maximized through investment in SIF projects	Contribution dollar value continues to accumulate	\$110.26M	Continues to accumulate	On track
	Expenditure dollar value continues to increase	\$85.24M	Continues to accumulate	On track
Cellular Service pricing remains competitive with the market	Results of periodic pricing reviews in years 3, 5, 7 & 9 demonstrates competitiveness	Yr. 3 review	Yr. 3 review	Complete
		Yr. 5 review	Yr. 5 review	Complete
		Yr. 7 review	Waived as a result of price negotiations	Complete
		Yr. 9 Review	Waived as a result of price negotiations achieved through contract extension	Complete
	New services are under negotiation	0	Continues to accumulate	On track

Service flexibility is realized through new services becoming available	New services are available for purchase through the Deal	18	Continues to accumulate	On track
Objective 4: Meet the Obligations Set Out in the Deal				
Performance Indicator	Metric & Measure	Cumulative	Target	Target Met
Material obligations are met (fiscal year)	Material obligations met continues to increase	On track	100%	On track

Appendix 2

SIF is managed by the Deal Office within the Information Communication Technologies division of the Office of the Chief Information Officer (OCIO), Ministry of Citizens' Services. The Deal Office manages the fund on behalf of the 12 GPS Entities and reports to a multi-level operational and executive structure of joint (with TELUS) and internal committees.

Deal/Fund Governance

Committee	Purpose of Committee	Frequency
Executive Governance Committee (EGC)	<ul style="list-style-type: none"> EGC is authorized to delegate authority or make funding decisions for SIF projects. It is the highest level of SIF governance and is internal to the GPS Entities. Members are a representative group of the GPS Entities at the C-level (Deputy Minister). 	Quarterly
Joint Executive Governance Committee (JEGC)	<ul style="list-style-type: none"> Highest level of joint (Deal Office and TELUS) governance with a mandate to provide executive oversight and strategic direction, and set priorities, as defined in TSMA Schedule K-1. 	Semi-Annually or as required
Telecom Sub Committee (TSC)	<ul style="list-style-type: none"> TSC is an internal Chief Information Officer committee with representatives of the GPS Entities concentrating on the TSMA deal and SIF. This is a sub-committee of the Council of Chief Information Officers. Provides direction to Strategic Management Committee (see below) and the Deal Office on all items related to SIF, with the exception of project funding decisions. TSC will make endorsements/ recommendations for SIF funding to EGC for decision. 	Monthly
Strategic Management Committee (SMC)	<ul style="list-style-type: none"> SMC is a joint (Deal Office and TELUS) executive level committee.. SMC is responsible for oversight of the portfolio and ensuring projects are on track. SMC makes recommendations to TSC and may submit escalations to the JEGC as required. 	Bi-Monthly
SIF Working Group	<ul style="list-style-type: none"> A joint operational level committee between TELUS and the Deal Office. Provides SIF project direction and guidance. Escalates unresolved SIF issues and approval requests, as required to SMC and TSC. 	As when required

SIF Project Governance

Committee	Purpose of Committee	Frequency
Executive Project Steering Committee	<ul style="list-style-type: none"> ● <i>Note: Executive Steering Committees are not required for all projects (typically for complex and high-cost projects).</i> ● Project oversight and issue resolution. ● The makeup of this committee is up to the project sponsor but can include internal, TELUS and/or Deal Office resources. The Deal Office must have a non-voting membership at a minimum. ● Funding, scope, contract and items that affect TELUS performance must be reviewed by the Deal Office. 	Monthly or as required
Project Steering Committee	<ul style="list-style-type: none"> ● Provides business direction, guidance and project management oversight. ● Receives reports on status of Project deliverables and milestones. ● Logs/resolves/escalates Project issues, risks and changes ● Composed of designated members from TELUS, GPS Entity, Project Sponsor(s), and Deal Office (non-voting at minimum). 	Bi-Weekly or as required

Appendix 3 – Completed SIF Projects

Project Name and Description	Consumed (\$M)	Completion Date
ShareEdBC (WonderLab) Lead: EDUC Type: Product Development Developed and implemented a secure online collaboration platform for educators and contributors to share content supporting the delivery of the new K-12 curriculum.	\$10.64M	Jul 2021
Provincial Security Operations Centre Lead: CITZ Project Type: Report Physical IT security operations centre model combining facilities, infrastructure, people, and education for the betterment of public sector organizations throughout the province.	\$0.83M	Jan 2020
Virtual Clinics for Mental Health & Substance Abuse Lead: HLTH Type: Product Development Centralized, self-managed patient portal to provide remote support to Foundry BC youth health services & BC Emergency Health Services Critical Incident Stress Program.	\$4.99M	Oct 2020
Integrated Analytics Centre Lead: EDUC Type: Product Development A tool to assist in managing the Next Generation Network (NGN). Capability includes forecasting and optimizing bandwidth utilization, data analytics and security applications for BC School Districts.	\$3.95M	Oct 2021
BCIB Authentication Lead: PSA Type: Product Development Implemented an efficient and secure authentication method providing BCIB employees access to the Public Service Agency (PSA) HR, payroll and recruitment systems via their BC Services Card.	\$0.98M	Jan 2020
All Hazards Comms Investment Roadmap Lead: CITZ/EMBC Type: Report A communications technology strategy and investment roadmap for the emergency management sector in British Columbia.	\$0.53M	Jan 2020
Mobility Solution for the Social Sector Lead: CFD Type: Proof of Concept Tests a mobility solution for MCFD's front-line Child Protection workers. Access to Integrated Case Management system from tablets and smartphones improves access to and delivery of child welfare services, especially for indigenous and rural children, youth and their families.	\$0.49M	Feb 2022
Connected Consultation Lead: EMPR Project Type: Report Developing a business case for a digital public consultation product that will improve the way the Province engages citizens on topics related to natural resource management, industrial development, environmental stewardship, and economic sustainability.	\$0.49M	May 2020

Project Name and Description	Consumed (\$M)	Completion Date
Open Innovation Collider Space Lead: CITZ <i>Project Type: Report</i> A roadmap to establish a physical space and community for various levels of government, tech companies, academia, and other partners to solve urgent issues with digital solutions.	\$0.47M	Jan 2020
COVID-19 Assistance to Vulnerable Populations Lead: CITZ <i>Type: Equipment</i> Deployed 150 cellular phones and 300 tablets to programs supporting people impacted by COVID-19. Device recipients were determined by the Vulnerable Populations Working Group, which targeted reaching a diverse demographic across urban/rural settings.	\$0.19M	Sep 2020
ICBC Insight Data Lead: ICBC <i>Type: Proof of Concept</i> Development of an algorithm to collect baseline data for the informed analysis of accident rates and claims in lower mainland BC, helping ICBC make informed decisions and better serve their customers.	\$0.18M	Jul 2020
Keeping Young Adults Connected Lead: CFD <i>Type: Equipment</i> Provide young adults who were on a Continuing Custody Order (CCO) and those on Youth Agreements that have aged out of government care with mobile phones to increase access to employment resources, employment opportunities potential employers, and services and resources.	\$0.02M	Jun 2018
Total	\$23.74M	

Biggs, Jackie CITZ:EX

From: CITZ Deputy Minister, CITZ:EX
Sent: January 24, 2023 2:14 PM
To: Wood, Heather FIN:EX
Cc: Ritchie, CJ CITZ:EX; Shypitka, James M CITZ:EX; Rolston, Michael CITZ:EX
Subject: Letter to DM Heather Wood re Combined Quarterly Report (period ending June 30, 2022)

Sending on behalf of DM Shauna Brouwer



118988 - DM LTR FY202223
- FY202223 Q1 ... Q1-Treasury Bo...

Ministry of Citizens' Services
Deputy Minister's Office



January 24, 2023

Ref: 118988

Heather Wood
Deputy Minister, Ministry of Finance
Secretary to Treasury Board
Room 109 - 617 Government Street
Victoria, BC V8W 9V1

Dear Heather Wood:

Re: Combined Strategic Telecommunication Services Deal Performance Treasury Board and Strategic Investment Fund (SIF) Report for the Quarter Ending June 30, 2022.

Please find attached the quarterly performance report regarding the Strategic Telecommunications Services Agreements signed with TELUS on July 29, 2011. The attached report covers Quarter 1 of FY 2022/23 ending June 30, 2022.

This is the first report that combines the two quarterly reports: Strategic Telecommunication Services Deal Performance Report and the Strategic Investment Fund (SIF) Report.

The Strategic Telecommunication Services Deal Performance is reported against strategic objectives identified in the deal, including:

1. Provide demonstrable value for money to Greater Public Sector Entities;
2. Achieve a highly connected British Columbia; and
3. Meet or exceed the obligations set out in the deal.

The SIF quarterly report provides detailed information on fund value, updates on the portfolio of SIF projects, governance structure and decisions in the quarter, and notes on issues and opportunities related to SIF.

In response to governance direction, both reports were combined for the remainder of the term of the Deal.

Highlights for the quarter include:

- Total savings achieved since the signing of the Deal is estimated to be \$497.78M.
- Current value of SIF to end of the term is estimated to be \$119.54M and \$116.19M is allocated to 24 projects.

.../2

- The Deal Office developed a 2-year plan outlining key milestones for SIF leading to the end of term. The milestone for this quarter involves obtaining final funding approvals for quick start projects from decision-making Deal governance bodies.
- Deal value continued to increase including the following:
 - Lowered stepped pricing from the Enhanced Price Review;
 - Negotiated cellular savings;
 - End of Term Wide Area Network (WAN) savings; and
 - The elimination of Quality of Services fees on data.
- To ensure the management of the Deal is optimized, the Deal Office is engaged in the following initiatives:
 - Developing an End of Term plan;
 - Improving Deal reporting and transparency;
 - Enhancing performance management reporting;
 - Tracking status of copper services that are being discontinued and assisting GPS Entities in finding suitable replacements;
 - Completing project and offboarding plan leading to end of term for SIF; and
 - Allocating any remaining SIF funding.
- The Deal Office is working closely with the Council of Chief Information Officers planning for next generation telecom services re-procurement project.

I trust you will find this report complete.

Sincerely,



Shauna Brouwer
Deputy Minister

Attachment: FY2022/23 Q1 Combined Performance Report

pc: CJ Ritchie, Associate Deputy Minister and Government Chief Information Officer,
Ministry of Citizens' Services

James Shypitka, Senior Executive Director, Office of the Chief Information Officer,
Information Communication Technologies Division, Ministry of Citizens' Services

Michael Rolston, CPA, CMA, Executive Director, Contract Management and Negotiations,
Office of the Chief Information Officer, Information Communication Technologies Division,
Ministry of Citizens' Services

Biggs, Jackie CITZ:EX

From: CITZ Deputy Minister, CITZ:EX
Sent: January 24, 2023 2:21 PM
To: Dube, Jonathan HLTH:EX; XT:byres, david HLTH:IN; Zacharuk, Christina ECC:EX; XT:Wong, David CITZ:IN; Ritchie, CJ CITZ:EX
Cc: Shypitka, James M CITZ:EX; Rolston, Michael CITZ:EX; Hamel, Sandra CITZ:EX
Subject: Combined Quarterly Report (period ending June 30, 2022)
Attachments: FY202223 Q1-Treasury Board Report ending Jun 30 2022-DRAFT 2022.10.31.pdf

Good afternoon,

Please find attached the combined Strategic Telecommunication Services Deal Performance Treasury Board and Strategic Investment Fund (SIF) quarterly report for the period ending June 30 of Fiscal Year 2022/23. The two reports were combined into one comprehensive report, as per governance direction.

The Strategic Telecommunication Services Deal Performance is reported against strategic objectives identified in the deal, including:

1. Provide demonstrable value for money to Greater Public Sector Entities;
2. Achieve a highly connected British Columbia; and
3. Meet or exceed the obligations set out in the deal.

The Strategic Investment Fund (SIF) quarterly report provides detailed information on fund value, updates on the portfolio of SIF projects, governance structure and decisions in the quarter, and notes on issues and opportunities related to SIF.

SIF, a cornerstone of the Strategic Relationship Agreement of the Telecom Deal with TELUS, is funded by a percentage of spend by Telecom Deal signatories and is managed by the Telecom Office on behalf of the signatories.

The highlights for the period ending June 30, 2022 are as follows:

- Total savings achieved since the signing of the Deal is estimated to be \$497.78M.
- Deal value continued to increase including the following:
 - Lowered stepped pricing from the Enhanced Price Review;
 - Negotiated cellular savings;
 - End of Term Wide Area Network (WAN) savings; and
 - The elimination of Quality of Services fees on data,
- To ensure the management of the Deal is optimized, the Deal Office is engaged in the following initiatives:
 - Developing an End of Term plan;
 - Improving Deal reporting and transparency;
 - Enhancing performance management reporting;
 - Tracking status of copper services that are being discontinued and assisting GPS entities in finding suitable replacements;
 - Completing project and offboarding plan leading to end of term for SIF; and
 - Allocating any remaining SIF funding.

- Current value of SIF to end of the term is estimated to be \$119.54M and \$116.19M is allocated to 24 projects.
- The Deal Office developed a 2-year plan outlining key milestones for SIF leading to the end of term. The milestone for this quarter involves obtaining final funding approvals for quick start projects from decision-making Deal governance bodies.

I trust you will find this report complete.

Sincerely,

Shauna Brouwer
Deputy Minister
Ministry of Citizens' Services

Attachment: *TSMA SIF Combined Quarterly Report June 30, 2022*