

**NUNAVUT BROADBAND DEVELOPMENT CORPORATION
PRESIDENT'S REPORT
ANNUAL GENERAL MEETING ON September 28, 2011**

As the President of Nunavut Broadband Development Corporation, I am pleased to report on the activities of NBDC, the QINIQ network that was initiated by NBDC in 2005, the current round of investment in broadband for Nunavut, NBDC's administrative status and various other initiatives. I am also pleased to speak to you via Meet Online, a broadband service made possible through our Infrastructure II project. This is the first time that I am addressing you remotely through a videoconference link.

But first, I would like to clarify the role that NBDC plays in Nunavut and the relationship that NBDC has with the QINIQ network.

NBDC and QINIQ

NBDC is a not-for-profit corporation established to ensure that people have reliable, affordable access to broadband in every single Nunavut community.

As part of this mandate, NBDC initiated the QINIQ network using funds obtained from the Government of Canada, agencies of the Government of Nunavut and the Inuit land claim organizations. Through a formal public RFP, NBDC selected SSI Micro Ltd to operate the QINIQ network.

INFRASTRUCTURE II PROJECT - BACKGROUND

On March 31, 2008 a Business Plan entitled "Managing Bandwidth – Nunavut's Road Ahead" was submitted to Infrastructure Canada proposing additional funding for QINIQ and support for new public broadband services. This

plan was approved on July 14, 2008, announced on August 29, 2008 and the related Contribution Agreement was completed in January 2009.

QINIQ 2000 PLUS

When the QINIQ network was launched in May 2005, it was originally funded by the Government of Canada to accommodate up to 2,000 subscribers. The QINIQ network had 2000 subscribers within the first 8 months of operation and continues to grow, with approximately 5000 subscribers today and an anticipated 6800 by 2013. Due to this growth, a major component of the Infrastructure II Project is additional support for the QINIQ network.

Infrastructure Canada invested \$9.33 million for the purchase of much needed additional satellite capacity and \$750,000 for upgrading of the core QINIQ infrastructure for 25 communities in Nunavut. This investment is matched by SSI and customer revenue for a total of over \$18.5 million to be used by June of 2012.

Aside from the additional support for QINIQ, Infrastructure II addresses three key generic needs identified in the Business Plan.

1. **Meet Online:** Audio-Video Conferencing for distance education and training, telehealth consultations, public or private meetings, linking communities to the central justice system, selling products, and sharing Inuit cultural knowledge.
2. **QFile (formerly Time Shift):** Large File Transfer for sharing maps, audio-video files, financial data, training and curriculum materials, and more.

3. **Local Connect:** Networking technology in the largest Nunavut communities to allow different networks to interconnect locally and thus avoid unnecessary satellite traffic.

The Infrastructure II investment also includes \$2.1 million of funding for **Classroom Connect** - dedicated satellite capacity to ensure that classrooms in all Nunavut schools have adequate access to the Internet, a critical need identified by the GN Department of Education.

INFRASTRUCTURE II PROJECT - STATUS

Communications to the Public

In the past seven months, the public was kept informed of progress on the Infrastructure II project by the following communications initiatives:

An Email Update was recently sent out in this month of September to over 200 key stakeholders. Previous to this, the last email update occurred in February.

NBDC Website Updates were posted in February and September.

2011 Nunavut Trade Show – Both NBDC and SSi have booths at the trade show in Iqaluit, where information is being distributed, surveys are being conducted and the public are participating in demonstrations of Qfile and Meet Online.

Continuing awareness of these services is assisting in their growing uptake.

Furthermore, as network upgrades continue through the end of this year we should see an even greater demand for the services developed.

Classroom Connect Launch

After several years of discussions with various departments in the Government of Nunavut, an agreement was signed on August 11th, 2011 to provide connectivity to all schools in Nunavut. Public schools across Nunavut now have access to dedicated bandwidth and satellite capacity for improved classroom connectivity to the Internet, enhancing the ability to include online learning in educational curricula from Kindergarten to Grade 12. Through an agreement sharing bandwidth provided by NBDC and the Government of Nunavut, and managed by SSI Micro over the QINIQ network, all schools in Nunavut will receive high-quality internet connectivity. The current agreement allows for internet connectivity through to March 2014.

Local Connect – change in requirements

When NBDC issued the RFP for Local Connect, two separate networks were operating in Nunavut's largest communities: the QINIQ network operated by SSI Micro and the GN network, operated by NWTel/Ardicom. Local Connect was meant to interconnect the networks of the NWTel/Ardicom and SSI at the community level to make efficient use of satellite capacity. Since the award of the NBDC RFP, the GN has selected SSI Micro to operate their new network. Given the change in the GN vendor, the original Local Connect solution is no longer applicable as a single supplier (SSI) will operate the two networks (QINIQ and GN), thereby allowing the exchange of traffic within its own premises. However, the timing of the conversion of the GN network is not firm (as of September 2011) and other smaller networks remain to be served. NBDC is in discussions with SSI for a modified Local Connect solution.

REPROFILING OF FUNDS FOR INFRASTRUCTURE II

As the Infrastructure II project has progressed since its inception in 2009, many challenges and changes have occurred. New risks and dependencies that were not seen in the original proposal have come to the surface. Specifically, user uptake of generic tools has been slower than anticipated due to a network upgrade at the Government of Nunavut from Ardicom to SSI Micro. Furthermore, the delay in implementing Classroom Connect (only agreed to last month, in August 2011) has meant that Infrastructure II's timeline would need to be extended to ensure that the maximum value is obtained from funds provided by Infrastructure Canada.

To reflect this, NBDC has been in regular meetings with Infrastructure Canada since May 2011 on reprofiling funds forward. Talks are ongoing on reprofiling funds to extend to a minimum schedule of 2016.

NBDC ADMINISTRATION

Oana Spinu went on Maternity leave in March of 2011 and returned to her Executive Director role as of this month, September 2011. During her leave Sean Rorison was Acting Executive Director in addition to his regular role as Project Manager. As of this AGM I am pleased to report a stable administrative office based in Iqaluit staffed by committed and qualified people who are focused on NBDC's objectives in the coming years.

This concludes my President's Report for the 2011-2012 Annual general meeting.

Thank you.

Darrell Ohokannoak
President
Nunavut Broadband Development Corporation
September 28, 2011