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Telecommunications companies in North battle over public cash

Northwestel says it needs \$40M from CRTC, while other companies balk at that request

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The Canadian Radio-television Telecommunications Commission (CRTC) is expected to make a judgment on whether Bell can use public money to boost its aging infrastructure in the North.

Bell wants to buy Astral Media for \$3.38 billion. If the CRTC approves that purchase, Bell will have to make a public benefits package that amounts to 10 per cent of the purchase price. That package is meant to support the Canadian broadcasting industry.

Northwestel, in partnership with Bell, is proposing to use \$40 million from the package as part of its recently proposed modernization plan.

The whole upgrade plan stems from the CRTC's order that Northwestel upgrade its aging telecommunications infrastructure.

Because of that, Northwestel is proposing a five-year \$273-million upgrade plan which promises to provide high-speed internet and 3G or 4G wireless services to all northerners.

But the company says its plan hinges on being able to use that \$40 million.

Companies in direct competition with Northwestel balk at the request for cash, especially after they say it had a monopoly on telecommunications in the North for years.

Competitor says cash will give Northwestel monopoly again

Ice Wireless has been providing services in northern Canada since 1999. The company said that if Northwestel gets this cash, it will essentially lock out the competition.

"I think for Bell and its subsidiary to propose this is shameful. The funds related to the Astral acquisition are supposed to be used for public good, not to feather their own nest," said Cameron Zubko, Vice President of Corporate Development at Ice Wireless.

Another company, SSi Micro, delivers internet service to 56 communities in the North. It also thinks Northwestel's plan misses the mark.

"Northwestel and Bell nowhere in their proposal addressed how they would provide a sustainable solution to affordable broadband and bandwidth in the North, and that's what needs to be addressed by all parties," said Dean Proctor from SSi Micro.

In December, the CRTC ended Northwestel's monopoly on telephone service in the North. Ice Wireless believes the company's modernization plan could be a step backward and lock out the competition for

good.

“The CRTC wants to open up competition in the North. [The] worst thing they could do is give a massive subsidy to the telco that already owns 95 per cent of the market," said Zubko.