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CRTC opens up telecom competition in the north

By: **JD Speedy** On: **15 Dec 2011** For: **ComputerWorld Canada** COMPUTERWORLD

Regulator ends Northwestel's monopoly in the NWT, Yukon and Nunavut to try to spur competition and lower prices for telecommunications in the north

Competition breeds innovation. That's the logic behind the Canadian telecom regulator's decision to end Northwestel's monopoly on the telecommunications industry in the north.

The Canadian Radio-television and Telecommunications Commission (CRTC) ruled Wednesday that it will open the Yukon, Northwest Territories and Nunavut to the kind of local business and residential telephone competition the rest of the country has had for years.

"For the first time, many northern residents will be able to choose an alternate local telephone service provider," **Leonard Katz** , the CRTC's vice-chairman of telecommunications, said in a statement. "Competition will be introduced as soon as possible to bring choice and innovative options to Canada's North."

Competition will start May 1, 2012 in some parts of the region.

BACKGROUND: The Northwestel hearing

The decision was almost a complete dismissal of Northwestel's service, which is owned by Bell Canada's parent, BCE Inc. [TSX: BCE]

"We are disappointed that Northwestel, which has until now been the sole provider of local telephone service in the North, has not made a greater effort to improve its services," Katz said in the press statement. "Many communities have been plagued by service outages and certain features are not widely available to customers. Northern residents deserve to have access to reliable and high-quality services comparable to those offered in the rest of the country."

In the decision the CRTC noted that since 2007 Northwestel has received over $20 million a year as compensation for providing service in remote communities, during which its annual income from operations has nearly doubled to $69.3 million in 2010. "Despite this," the decision said, "the company has failed to make the necessary investments in its network. Northwestel's infrastructure is aging and services comparable to those provided in the rest of Canada are unavailable in many remote communities. The commission is also concerned that this situation has likely affected the quality, reliability, and choice of services available to customers, as evidenced by a number of outages in various communities and the lack of service options."

The subsidy will continue this year, but the telco's request for additional funds was denied.

Northwestel has six months to submit a plan detailing how it will modernize its network.

Iain Grant, managing director at the Montreal-based **Seaboard Group** telecommunications consultancy, said the decision is a huge step for business in the north. “It’s a bottleneck,” he said of the existing situation. “Until this ruling, competitors were not allowed to own [telecommunications] facilities.”

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