

COST OF LIVING

Connection: Failed



Here's why internet access in Canada's north is so expensive

By **Bryson Masse** on Mar 15, 2017



Internet access in the northern territories has always been more expensive, which is not altogether surprising.

The more remote the location is, the higher the cost of infrastructure investment, making it a pretty open and shut case. But if you look closer you'll see a key market feature isn't currently available in the Yukon and Northwest Territories. With an upcoming CRTC ruling, internet rates could become much more competitive in the larger communities.

Open a **BMO SmartFolio** account today
and get **\$50 to \$750** cash back.*

[Get started](#)

[Disclaimer](#)



This comes after a long and testy fight between two northern telecom providers. Since 2011, NWT's [SSI Micro](#) has been pressing [NorthwesTel](#), currently the main infrastructure builder and telecom offering residential services, to lower their prices so that other internet providers can access their fibre optic lines.

In most provinces across Canada, you have a couple more choices when you want to connect to the internet using a service that isn't directly Bell, Rogers or Telus. Providers like Teksavvy mean there is motivation for the big three to provide competitive prices, and plans with no contract terms or data caps. If you want to purchase home internet in the NWT, SSI Micro does offer an alternative, but in the Yukon, NorthwesTel is your only choice.

The current prices and features reflect that reality. If you use Rogers in Ontario, there's a 30 Mbps plan that costs you \$69/mo with a 250GB cap. In Whitehorse, you'll be using NorthwesTel — that's 16 Mbps at \$79/mo with only a 110GB cap.

Effectively, NorthwesTel offers half the service for more money.

(As a note, Nunavut hasn't come up in this conversation since they exclusively use satellite internet which has a number of different players in the market.)

"I think the average person would say it's reasonable that that the company that is investing millions of dollars of fiber build is able to recover those costs through the services that they provide," said NorthwesTel Director of Communication Andrew Anderson. "Otherwise there would be no incentive to make those investments."

Companies looking to offer competition to NorthwesTel's service have had to buy access at prices that, according to a 2016 report by Lemay-Yates Associates Inc., are 90 percent higher than they should be.

Dean Proctor, Chief Development Officer at SSI Micro, says the access to re-sell internet is an "essential input" for his company. That means NorthwesTel has fallen under a [CRTC ruling](#) which indicates that it must let competitors use its network infrastructure.

“By overcharging us for that essential input, it puts us at a permanent disadvantage in the retail market,” said Proctor. “They’re giving themselves what is called undue preference. And that is illegal under the telecom act and that’s just trying to be corrected here.”

Northwestel’s Anderson says the CRTC has ruled that the prices should be changed, but the factors controlling that modification should be investigated more closely.

“We [will] come to a rate which meets their standard of fair and reasonable, so they’ll review that and upon their review they’ll make the final decision upon the rate,” said Anderson. “So, the good news is, rates for wholesale customers in the north are going to come down.”

Today, most internet users north of the 60th parallel have low bandwidth caps and much more expensive rates for slower internet than in the southern provinces. When understanding the realities of living in the Yukon and Northwest Territories, there is definitely a higher cost to installing internet infrastructure that far from more populated regions. But, are the current pricing and features representative of what could be offered to consumers? Without true competition, probably not.

M-F 7:30PM HBO

See what's on VICE News Tonight on .

Email address

SUBSCRIBE

CYBERCRIME

Russia linked to Yahoo breach