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Mackenzie Valley Fibre Line not living up to expectations, experts say

Local internet service providers are supposed to extend the last mile of internet to communities

Anna Desmarais · CBC News · Posted: Jun 25, 2020 5:00 AM CT | Last Updated: 2 hours ago

The 1,154-kilometre Mackenzie Valley fibre optic line — seen here under construction in 2016 — runs from near Fort Simpson, N.W.T., to Inuvik. The fibre line, experts say, is not being used to its full potential. (GNWT)

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When Jerald Sibbeston first learned about the Mackenzie Valley Fibre Link, he saw a business opportunity to start an internet service provider in Fort Simpson, N.W.T.

Then he realized how much it would cost.

"There is interest at the local level [in internet service providers], but then you run into the conflict where you find a guy like me who says, 'Geez, this looks like a good business opportunity' ... if I had enough money," Sibbeston said.

"But I don't."

The 1,154 kilometre Mackenzie Valley Fibre Link runs from near Fort Simpson — where it connects to line already in place when it was built — to Inuvik. It has connection points in five Mackenzie Valley communities along the way, including Fort Simpson, all of which are serviced by Northwestel, the territory's dominant internet provider.

The line is intended to eventually extend to Tuktoyaktuk.
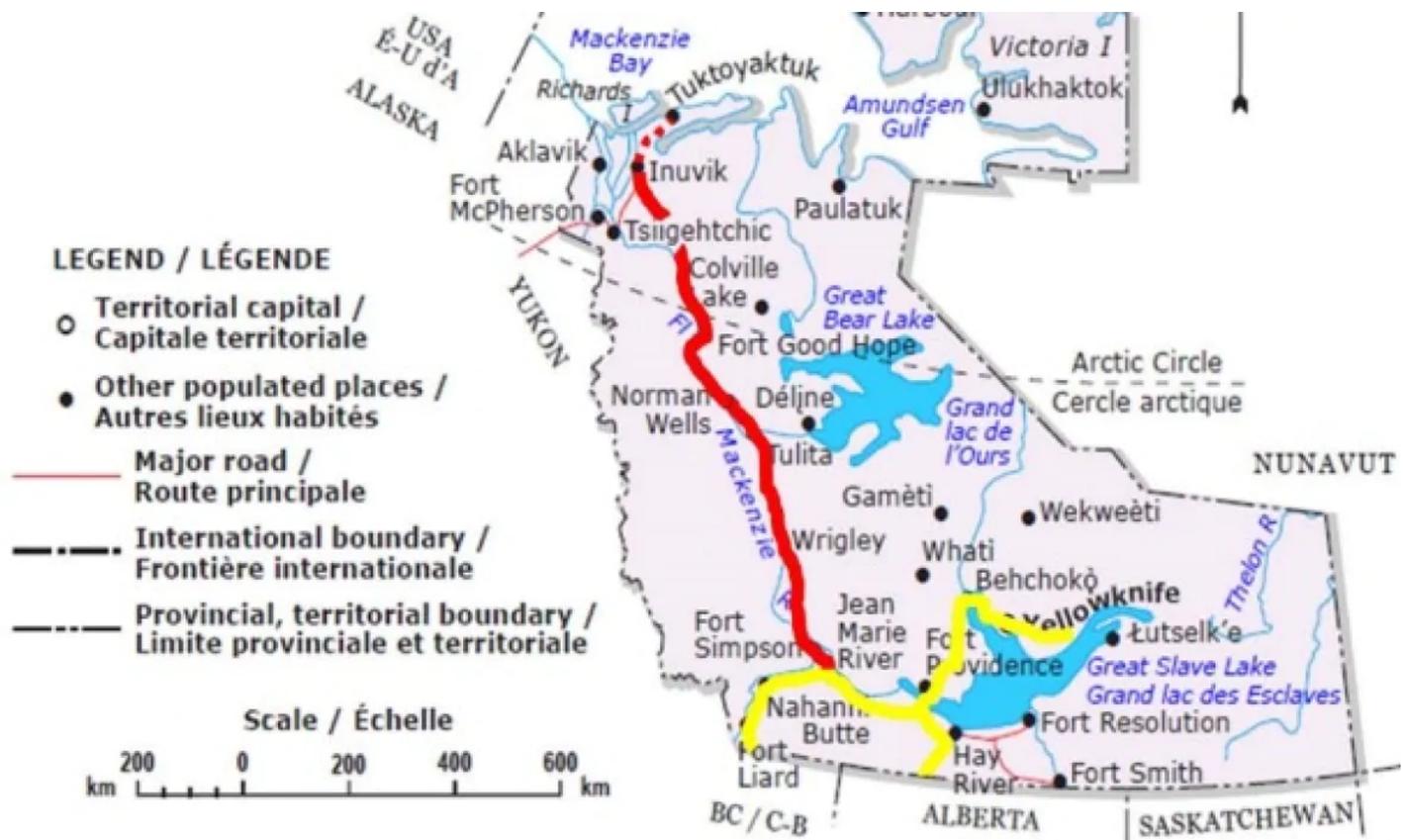
A map of the Mackenzie Valley Fibre Link in the Northwest Territories. The red line represents the Mackenzie Valley fibre optic link. The yellow line represents line already in place before the MVFL was built. (CBC)

But three years after the line was completed, experts in the N.W.T.'s telecommunications field say that the Mackenzie Valley Fibre Link project is not living up to its original purpose of

providing communities along its route with competitive, reliable internet services.

> **❝ There's very few companies or organizations that have the pockets to do that last mile. ❞**
>
> *- David Wasylciw, technology business consultant*

They say more needs to be done to foster entrepreneurs like Sibbeston, or other internet service providers, to compete with Northwestel's monopoly in N.W.T. communities.

Territory has role to provide internet 'highway' in Mackenzie Valley

David Wasylciw, a technology business consultant, said it is expensive for local internet service providers to build all of the infrastructure needed to connect homes with the high-speed fibre line internet — what's called the "last mile."

"There's very few companies or organizations that have the pockets to do that last mile," Wasylciw said. "It's not just expensive, it's also a pain logistically, there's a lot of work involved in it and that's why you're not seeing a lot of uptake from internet service providers at the community level.
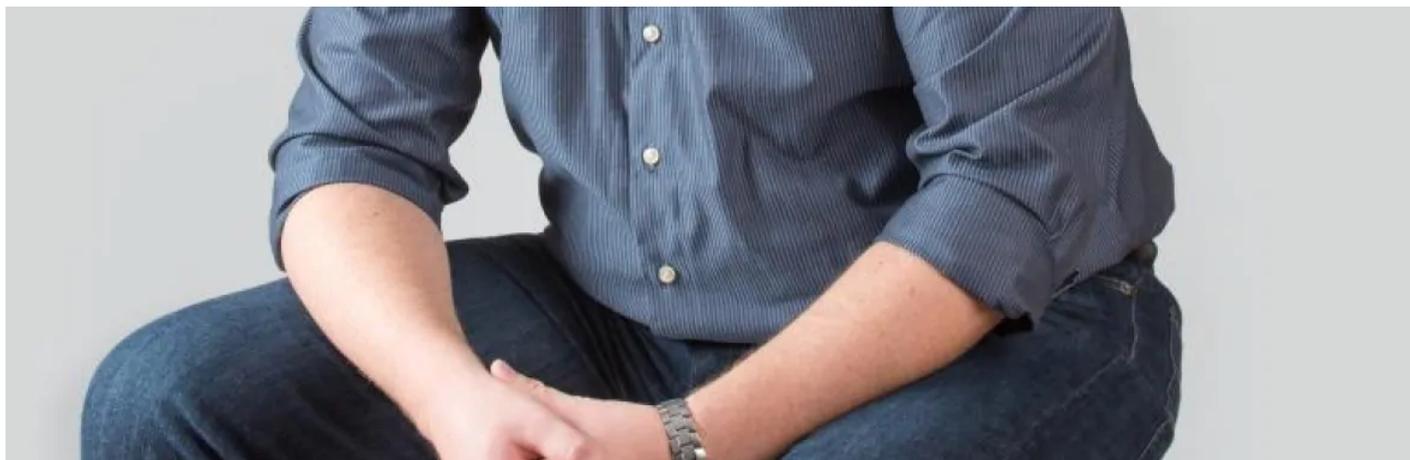
David Wasylciw, a technology business consultant, said it is difficult for local internet service providers in the communities to afford all of the investments needed to connect homes to fibre internet. (Submitted by David Wasylciw)

"That whole last piece that's missing is one of the biggest parts."

Finance Minister Caroline Wawzonek told the N.W.T. Legislative Assembly in May that the job of bringing fibre internet to homes, schools and businesses falls on internet service providers like Northwestel. The territory's job, Wawzonek said, is to provide the Mackenzie Valley Fibre Link "highway," not to cover the last mile of infrastructure.

"The government is not in the business of running a line from the point of access into the homes," she told the legislature.

A June report from the territory's government operations committee notes the government's position on the fibre link project has made it "unclear" which communities are still waiting for local service providers to set up internet. As well, the report says there is "still no clear plan" for connecting communities that are not located directly on the fibre link path.

> **The government is not in the business of running a line from the point of access into the homes.**
>
> *- Caroline Wawzonek, N.W.T. finance minister*

Northwestel currently provides five communities along the fibre line with access: Tulita, Fort Good Hope, Norman Wells, Fort Simpson and Wrigley.

Andrew Anderson, the company's director of communications, said in a statement that Northwestel was able to lower internet package prices by $144 per customer on average while also increasing internet download speeds to 15 Mbps (Megabits per second) after connecting to the fibre line.

The project's website says special pricing will be created in order to "encourage new, locally-owned internet service providers in Mackenzie Valley communities." But as experts point out, no one has stepped up to create a local internet service provider to compete with Northwestel since the project was completed in 2017.

Shared spaces for internet service providers lacking along the fibre line

Jeff Philipp, the CEO of SSi Canada, was one of the original bidders competing with the Northwestel-Ledcor joint bid for the Mackenzie Valley Fibre Link project. He said his company does have some facilities in the communities where the line was passing through, but they did not meet the standards outlined in the N.W.T.'s original tender.

Philipp said he pushed the territorial government to add a requirement for the construction of new co-location centres: data centres where businesses could rent space and computer hardware to better connect communities to fibre internet. This way, he continued, the buildings would be public and open to anyone.

> **❝It's like building an airline that's going to fly straight to Tuktoyaktuk ... and land in every community, but there's no airport.❞**
>
> *- Jeff Phillip, CEO of SSi Canada*

Philipp was neither successful in his company's bid nor in swaying the government to make the suggested changes.

"It's like building an airline that's going to fly straight to Tuktoyaktuk and it's going to land in every community, but there's no airport," Philipp said. "There's no place for you as a customer to ... get on that thing."

Jeff Philipp, CEO of SSi Canada, tried to get the territorial government to build new co-location centres in its initial tender for the fibre line project to open space for local internet service providers. (Tracy Fuller/CBC)

Wasylciw said government-owned co-location centres would take the cost burden off local companies and would help them compete with Northwestel.

CBC has reached out to the territorial government for comment but did not receive a reply by the time of publication.

Limited funding for N.W.T. internet startups

Sibbeston estimates it would take $250,000 to get his project in Fort Simpson off the ground. The money would go toward buying land close to the fibre connection point, building a tower, and other start up costs.

The territory has a handful of grants for entrepreneurs, including a $25,000 yearly fund to help with startup costs. There are no programs that specifically target telecommunications.

The other possible option for entrepreneurs like Sibbeston is to apply to the federal government's new $1.7 billion Universal Broadband Fund, that is looking to fund projects that will "close the gap in connectivity" for Canadians living in underserved areas.

- **Liberals hasten high-speed broadband access plan in response to pandemic**

The fund has not yet been launched.

CBC has reached out to the federal government for comment but did not receive an immediate response.

New service on horizon

Wasylciw said the best thing to do is for the government to invest in the infrastructure needed for small businesses to start up internet service providers in the community.

"We already have something in the ground — let's keep working on it, let's keep expanding it," said.

Workers install a portion of the Mackenzie Valley fibre optic line during the 2015 construction season.

At the same time, Phillip said the territory needs to plan ahead for the next up and coming technology.

Elon Musk's company SpaceX has already applied for a Basic International Telecommunications Services license (BITS) to offer high-speed internet to Canadians living in remote areas. The company would beam internet directly into homes via satellite.

- **Elon Musk's company SpaceX applies to offer high-speed internet service to Canadians**

Philipp said this technology could render the Mackenzie Valley Fibre Link "obsolete" for N.W.T. communities.

"It's going to be a big benefit for the North," Phillip said. "Any little community is going to say, 'You know what, we don't need to rely on the fibre line, we can put a terminal on the roof of the house or the roof of the school to connect in.'"

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