

# Private firms question gov't announcement

By Cassandra Kyle December 9, 2008

A \$129-million SaskTel infrastructure plan to bring high-speed Internet coverage to the entire province is being questioned by private communications firms that are wondering why the project wasn't open to competitive bidding.

"There are several companies in the province that are doing that exact same type of business and we're a bit upset that the government would just choose one of them and give them the contract without any competitive bidding or analysis of the abilities of other companies," said Hugh Wood, COO of Saskatoon's Vecima Networks Inc. and its subsidiary, Yourlink.

Wood said the decision to hand over the three-year project to a Crown corporation without any opportunities for private firms to get in on the deal is contradictory to the Saskatchewan Party's mandate to increase business opportunities for small and local companies in Saskatchewan.

"It makes it a much better solution if you go out to the public and try to get new ideas rather than just going to a Crown corporation," Wood said. "It stifles innovation and enterprise."

Last week, the provincial government announced it was providing \$90 million to SaskTel to increase high-speed Internet coverage to 100 per cent of the province and cellphone coverage to 98 per cent. The program includes upgrading the underlying infrastructure backbone, building 50 new cellphone towers and expanding rural broadband infrastructure.

Wood said there are about eight other communications companies in the province, including rural high-speed Internet provider Yourlink, that are puzzled by the government's action. The group, he said, is looking for answers from the Sask. Party.

SaskTel spokesperson Darcee MacFarlane said the project came about after SaskTel did an analysis for the provincial government on the Saskatchewan marketplace and what it would take to increase cellular and Internet service in the province. The Crown corporation received direction to go ahead with the program, she said, and is spending \$30 million of its own capital on the project.

The company is seeking funding from the federal government's Building Canada plan and Industry and Northern Affairs to cover the remainder of the costs.

"There certainly was a keen desire and it was the government's full support that wanted us to do 100 per cent high speed. They understood completely the economic benefits of that for the province, and also they understand the coverage issues that are there with cellular in rural Saskatchewan right now," MacFarlane said.

Because of its extensive infrastructure network, MacFarlane said SaskTel is the only operator in the province that can take on such a massive project. It is, however, working with a private company to implement a satellite technology option for high-speed Internet in some areas.

Companies such as Vecima, she added, may benefit from upgrades to the basic network.

She said this is because "when you're leveraging networks to complete this, you have to have a network in the ground to basically deliver the services. . . . There just isn't another company in the province that has our network infrastructure build."

Still, Wood is concerned about the message the government is sending private business through the SaskTel announcement. An open bidding competition would stimulate partnerships, innovation and jobs, he said.

He wonders whether companies such as Vecima, which employs about 800 people in Saskatoon, will recover infrastructure costs when government-subsidized SaskTel is handed large

projects.

"Businesses need to grow," he said. "You can't just sort of sit static and stay the same because eventually you'll just wither away."

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