

How long will Toronto's wireless network be free?

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Toronto Hydro Telecom's launch of its free wireless Internet service in the city's financial district yesterday puts Toronto at the forefront of hundreds of other North American municipalities that are deploying municipal wireless (or WiFi) networks. While we applaud Toronto Hydro Telecom for the bold vision and ambitious scope of this project, the plan to treat it as a commercial, profit-making business seriously undermines its potential as an innovative public service bringing widespread benefits to Torontonians.

When completed in three years it will blanket the entire city with high-speed wireless Internet service. Regrettably, by then it will no longer be free; Toronto Hydro Telecom plans to make users pay \$29 a month for a subscription, or just under \$400 a year. Instead of us reaping the benefits of a rightfully universal and affordable public service, THT will be raking in profits to be turned over to Toronto Hydro and, ultimately, the City of Toronto - its sole shareholder.

We believe the commercialization of THT's WiFi service wastes a golden opportunity for the city to be truly innovative, and violates Toronto Hydro's public interest obligations as a city-owned utility. That city council and Mayor David Miller have given their blessing to THT's approach makes this an issue for political debate.

But first, let's examine the potential benefits of municipal WiFi networks. Access to high-speed communication networks is fast becoming essential to successful participation in the contemporary economy and society. And while well over half of Toronto households can take advantage of high-speed Internet service, about one-quarter still have no Internet access at all.

At \$30 to \$60 per month, the cost of high-speed Internet service poses a major barrier for many. By offering high-speed Internet service at or below cost, a municipal wireless network could increase high-speed Internet adoption in our low-income neighbourhoods and narrow the city's "digital divide." In addition, such a network could benefit all Torontonians by, among other things

Saving hundreds of dollars annually for the hundreds of thousands of households that currently subscribe to high-speed Internet.

Providing mobile Internet users with better wireless service than the city's existing patchwork of commercial "hotspots."

Improving emergency response communications and the efficiency of other city services.

Attracting investors, skilled workers, small businesses, and tourists to the city.

Let's return to THT's proposed for-profit service. From a technical and business case perspective, the model has a lot going for it. The network will use free, licence-exempt wireless spectrum, with bandwidth supplied by THT's existing fibre-optic network.

Wireless antennae are being mounted onto city streetlights (which, incidentally, THT was planning to do anyway, to comply with a provincially mandated electricity "smart meter" program).

By piggybacking its network onto existing public infrastructure, THT minimizes the capital costs of the project. THT estimates it will recover the cost of building the network within a year of its being fully operational.

But if the business case for THT's WiFi service is so ironclad, doesn't this imply that the essence of its plan is to milk subscribers for a service that it could offer Torontonians at nominal cost, possibly even for free?

CEO David Dobbin defends commercialization on the grounds that THT's mandate is to maximize revenue for its parent company, Toronto Hydro. It will pass surpluses earned on WiFi subscription fees to Toronto Hydro and ultimately to the city. But if that's the case, THT's model amounts to little more than covert taxation, which puts the interests of Toronto Hydro and city creditors ahead of the social and economic benefits that could be reaped from a cheap or free network.

All of which raises some important questions.

How much does the city expect to earn off this commercial subscriber model? Should a municipally owned corporation earn a profit on something that has become, in the 21st century, an essential service, particularly if that service rides upon layers of public infrastructure (streets, fibre networks, lighting poles, and public spectrum) that have already been bought and paid for through taxes and utility rates?

What is truly more innovative operating Toronto's WiFi network like any other commercial Internet service, or leveraging additional social and economic benefits for the entire city by offering it to residents, businesses and visitors at cost, or for free, as cities like Fredericton have done?

THT's municipal WiFi plan warrants a more vigorous public debate. It contains many of the necessary ingredients for the kind of ubiquitous, affordable and universally accessible network that Torontonians need. But its for-profit business model jeopardizes much of the public benefit the city stands to reap from municipal WiFi.

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