



January 25, 2019

**Via Email:** [ic.spectrumoperations-operationsdsuspectre.ic@canada.ca](mailto:ic.spectrumoperations-operationsdsuspectre.ic@canada.ca)

Innovation, Science and Economic Development Canada  
c/o Senior Director, Spectrum Management Operations Branch  
235 Queen Street  
Ottawa, Ontario K1A 0H5

**Re: Consultation on Licence Fees for Fixed Point-to-Point Radio Systems Canada Gazette, Part I, November 15, 2018, Notice No. DGSO-001-1817 – Shaw Reply Comments**

1. In connection with Innovation, Science and Economic Development Canada's (the "Department") *Consultation on Licence Fees for Fixed Point-to-Point Radio Systems*, Shaw Communications Inc. ("Shaw") is pleased to provide the attached reply comments.
2. Shaw appreciates the opportunity to provide its reply comments in this Consultation. If you have any questions regarding our response, please contact Brian Monaco, Manager, Regulatory Counsel, at [brian.monaco@sjrb.ca](mailto:brian.monaco@sjrb.ca).

Thanks,

Shaw Communications Inc.

A handwritten signature in black ink, appearing to read "Paul Cowling", with a stylized flourish at the end.

Paul Cowling  
Vice President, Legal & Regulatory Affairs  
Shaw Communications Inc.  
Tel: 416.649.5202  
Fax: 416.649-5201  
[Regulatory@sjrb.ca](mailto:Regulatory@sjrb.ca)

**Reply Comments of Shaw Communications Inc.**

**Consultation on Licence Fees for Fixed Point-to-Point Radio Systems**

***Canada Gazette*, Part I, November 15, 2018, Notice No. DGSO-001-18**

**January 25, 2019**

## I. EXECUTIVE SUMMARY

1. The following constitutes the reply comments of Shaw Communications Inc. (“Shaw”) to Innovation, Science and Economic Development Canada (the “Department”) in connection with the proceeding initiated by *Consultation on Licence Fees for Fixed Point-to-Point Radio Systems*, Notice No. DGSO-001-18 (the “Consultation Document”). We note that any failure by Shaw to respond to any specific comments or issues raised by other parties in this proceeding does not necessarily constitute Shaw’s agreement with or acceptance of those comments or issues.
2. As outlined in our initial comments in this proceeding and our comments in the Department’s *Consultation on the Spectrum Outlook 2018 to 2022*, the current licensing fee calculation methodology for fixed point-to-point licences is outdated and does not encourage efficient use of spectrum, which is a valuable public resource. It also results in enormous licence fees, penalizes those who use spectrum-efficient technologies and discourages the use of microwave technologies that are critical for rural and urban connectivity. As such, we support the Department’s direction in the Consultation Document, as it would constitute an important step toward reducing fees and alleviating these challenges.
3. It is clear from our review of other parties’ comments that a vast majority of parties share similar views. Echoing Shaw’s sentiments, all parties made comments regarding the need to change this outdated fee regime. Additionally, a vast majority of parties have supported the Department’s objectives in initiating this Consultation, as well as the Department’s overall approach to a new fee model.
4. With 5G on the horizon, revising the fee model will deliver benefits in both urban and rural areas. In rural areas, microwave technology is becoming increasingly crucial for connecting Canadians. However, the need to promote spectrum efficiency and reduce the excessive fees for point-to-point licences is significant in urban areas as well, contrary to the implications of Telus’ proposal to increase the Department’s proposed base rates in urban areas. As detailed in the following section, there is no policy rationale supporting Telus’ proposal, nor does Telus provide any evidence that its proposal would benefit Canadians.

5. In fact, to deliver the full benefit of 5G to Canadians, providers will be required to make significant infrastructure investments in urban areas. This includes the installation of higher capacity backhaul equipment and the deployment of short-link, high capacity microwave hops and small cells in thousands of locations within cities. Such investments will be of particular importance to the roll-out of 5G by new competitors like Shaw. Modernizing the licensing fee calculation methodology will facilitate these investments, which will in turn facilitate competition in the 5G environment.
6. We also reiterate the importance of the proposed model being implemented promptly. We strongly recommend that the new model be implemented for fees payable starting in April 2019, rather than April 2020. This would ensure that the benefits of the new model are realized as soon as possible, facilitating the significant investments required to support the emergence of a competitive 5G environment.
7. Lastly, in order to enhance spectrum efficiency and promote network deployment, Shaw agrees with Rogers that, in addition to modernizing the licence fee regime, the Department must take steps to ensure equitable infrastructure access.<sup>1</sup> As detailed in our comments in the Department's *Consultation on the Spectrum Outlook 2018 to 2022*, the Department must look at how it can address the myriad infrastructure access issues that continue to beset service providers, especially new wireless competitors. Infrastructure reform will be critical to achieving coverage across the country, as well as enabling efficient deployment of cutting-edge 5G network technology.

## **II. REPLY COMMENTS RELATING TO THE SPECIFIC QUESTIONS RAISED IN THE CONSULTATION DOCUMENT**

8. Set out below are Shaw's reply comments relating to the specific questions posed by the Department in the Consultation Document.

### ***1. ISED invites comments on the proposed consumption-based fee model for the radio licence fees under consideration.***

9. Subject to our response to Question 2, Shaw reiterates its support of the proposed consumption-based fee model. This approach will ensure that providers are encouraged to use critical spectrum efficiently. Additionally, the Department's proposal will result in a

---

<sup>1</sup> Comments of Rogers at paragraph E5.

reduction in the currently-excessive fees for these licences, which will stimulate network deployment in both urban and rural areas.

10. We note that some of the parties in this proceeding, including Bell and the CWTA, advocated for a fee model that is based on a principle of cost recovery for the Department.<sup>2</sup> Shaw would support such an approach in principle provided it is appropriately designed to encourage spectrum efficiency and substantially reduces the currently-excessive fees for these licences. Shaw would also support a reduction in the proposed base rates as suggested by Rogers,<sup>3</sup> as this would amplify the benefits that the Department's proposal will bring.
11. As detailed in our initial comments, it is important that the new fee model alleviate excessive fees in both urban and rural areas. In rural areas, microwave technology is becoming increasingly crucial for connecting Canadians. As noted, in order to expand coverage in many of these areas, utilizing microwave links is often the only practical option. Encouraging providers to deploy microwave links will result in more cost-effective, efficient, and resilient network expansion, which will in turn will promote connectivity and competition in non-urban centers. We note that Shaw is currently expanding its wireless footprint to deliver a competitive alternative in such markets.<sup>4</sup>
12. Some parties in this proceeding, including the British Columbia Broadband Association, the CWTA and CanWisp, supported some form of a discount of fees in rural, uncongested areas.<sup>5</sup> In general, Shaw is supportive of such proposals that seek to promote rural connectivity.
13. However, any discount on fees in rural areas should not be accompanied or offset by an increase in the proposed base rates for urban areas. For example, Telus suggests that the proposed base rates should be increased by 50% for large urban centers and that, for less populated areas, the applicable fee should be 30% of the fee payable in large urban centers.<sup>6</sup> Shaw respectfully disagrees with this proposal.

---

<sup>2</sup> Comments of Bell at paragraph 2; CWTA at paragraph 7.

<sup>3</sup> Comments of Rogers at paragraph 31.

<sup>4</sup> For example, see Shaw's First Quarter Fiscal 2019 Results at page 8 (available online at: [https://www.shaw.ca/uploadedFiles/Corporate/Investors/Financial\\_Reports/2019-1-14-Q1-f19-press-release.pdf](https://www.shaw.ca/uploadedFiles/Corporate/Investors/Financial_Reports/2019-1-14-Q1-f19-press-release.pdf))

<sup>5</sup> Comments of BCBA at paragraph 6; CWTA at paragraph 8; and, CanWisp at paragraphs 5 to 7.

<sup>6</sup> Comments of Telus at paragraphs 22 and 23.

14. As noted in our initial comments, the need for connectivity is significant in densely-populated urban centers. Although other transport mechanisms such as fibre are often available in these areas, a reduction in fees for point-to-point licences will promote the use of efficient microwave deployments in urban areas, particularly by new competitors, which will be critical to stimulating competition in 5G and meeting increasing demand for data. In some urban areas, other transport mechanisms are not readily available, meaning that point-to-point microwave links and small cells will be critical for 5G. Excessive spectrum licence fees would hinder deployment. There is no policy rationale to justify an increase to the proposed base rates in urban areas, and this would not benefit Canadians. As the effect of Telus' proposal is to promote reliance on its existing wireline infrastructure in urban areas, its proposal is self-service and punitive to new competitors like Shaw.
15. The need to promote spectrum efficiency and reduce the excessive fees for point-to-point licences is great in both urban and rural areas. Therefore, the Department must dismiss Telus' proposal that the proposed base rates be increased in large urban centers.

***2. ISED invites proposals for a fee escalator that takes into account fee predictability for the radio license fees under consideration.***

16. As set out in our initial comments, Shaw is supportive of a fee escalator that is tied to inflation or a fixed rate that is within the range of typical fluctuations in the consumer price index.
17. Additionally, Shaw reiterates that in order to ensure that the fee model reflects changing market conditions and technology advancements, the Department must review the fee model periodically (for example, every three years), in particular to ensure that the base rates and applicable frequency ranges set out in Table 1 of the Consultation Document continue to be appropriate.
18. The above is consistent with the submissions of several parties in this proceeding. For example, Rogers and the RABC propose the addition more frequency ranges to Table 1 of the Consultation Document at this time, citing the same concern that the licence fee regime must consider technological advancements and the emergence of new bands in

the coming years.<sup>7</sup> Shaw would support the addition of more frequency ranges above 60 GHz at this time or when additional bands become available, though we note that it is still important to review the fee model periodically every three years to ensure that the base rates and frequency ranges continue to be applicable and appropriate. We believe a periodic review of the licence fee calculation methodology every three years would be appropriate to ensure that the model continues to be appropriate in light of the evolving technology landscape.

***3. ISED invites comments on the proposals for minimum fees, short-duration licence fees and prorated fees.***

19. Shaw does not have any comments on these specific issues at this time.

**III. CONCLUSION**

20. With this Consultation, the Department has taken a very timely and necessary step toward modernizing the outdated fee regime for point-to-point licences. As we have discussed, in addition to promoting spectrum efficiency, modernizing this licensing fee regime will facilitate investments in microwave technology and promote competition in the 5G environment, delivering benefits to Canadians in rural and urban areas of the country alike. In order to further promote the principle of ensuring that the fee model can be adjusted to changing markets and technological advances, we recommend that it be reviewed every three years.

---

<sup>7</sup> Comments of Rogers at paragraphs E4 and 16; RABC at paragraphs 4 to 6.