



Business Council of
British Columbia

May 24, 2007

EMAILED: AWS@ic.gc.ca Original in Mail.

Director General
Telecommunications Policy Branch
Industry Canada
1612A, 300 Slater Street
Ottawa ON K1A 0C8

Re: Canada Gazette, Part I February 2007
Consultation to Auction Spectrum in the 2 GHz Range including
Advanced Wireless Services (DGTP-002-07)

I am writing to provide the Business Council of British Columbia's perspective on some of the key issues relating to the upcoming spectrum auction. In doing so, I do not propose to respond to the detailed questions outlined in the recent Industry Canada consultation paper. Instead, I will summarize the Business Council's general view that public policy in this area should rely on market forces to the greatest extent possible.

By way of background, the Business Council of British Columbia, established in 1966, is an association representing approximately 210 large and medium-sized enterprises engaged in business in British Columbia. Our members are drawn from all major sectors of the provincial economy. Taken together, the corporate members and the associations affiliated with the Business Council are responsible for one-quarter of all jobs in British Columbia.

The Business Council recognizes that spectrum is a finite public resource. As such, it should be allocated in a fair and equitable manner that generates revenue for the Crown. Allocation of the resource should also serve to enhance investor confidence and foster long-term capital investment. In this regard, we believe the best way to attract capital into the sector is for the auction process to be based on a level playing field with clear rules, and to be open to all bidders. Canada's prosperity depends on capital investment and technological innovation, especially in rapidly changing industries like telecommunications and advanced wireless services. In the past, there has been a tendency for regulators in Canada to overlook the significance of this aspect of the regulatory process.

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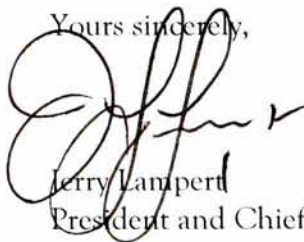
Arguments that may be made for measures to assist new market entrants, such as set asides and spectrum caps, are based in large part on the premise that the Canadian telecommunications and wireless industry suffers from insufficient competition and is underdeveloped. We disagree with this premise. The wireless marketplace in Canada is competitive, with some two dozen wireless providers now operating. Wireless customers in Canada enjoy a range of options and receive prices and services that compare favourably to what exists in other OECD countries. And with 18.5 million wireless phone subscribers, it is evident that Canadians are heavy users of wireless services.

Canadians have benefited from deregulation in telecommunications. In its landmark 2006 report, the Telecommunications Review Panel emphasized that Canadian telecommunications markets should be freer in order to realize the economic and social benefits that come from the ongoing development of this industry. In its report, the Panel concluded that "...the Canadian telecommunications industry has evolved to the point where market forces can largely be relied on to achieve economic and social benefits for Canadians..." With the same industry participants as well as a number of others planning on bidding in the spectrum auction, we submit that the above observation by the Panel also holds true for advanced wireless services.

Other countries have moved away from prescriptive models of spectrum management toward more flexible and market-oriented approaches. Spectrum regulation in the United Kingdom, Australia and the US has become more market oriented, as policy-makers have sought to promote innovation, competition and the more efficient use of the spectrum resource. The federal government's confirmation that telecommunications policy should rely on market forces should apply fully to the spectrum auction.

Market distorting mechanisms are at odds with the broader principle of fair and unfettered competition. The Business Council has long argued that governments should not provide businesses with subsidies or advantages, and we see no reason why government should direct special assistance to new market entrants in the telecommunications sector. The industry in Canada is sufficiently developed and competitive to make unfettered market access a paramount consideration guiding all aspects of telecommunications policy.

Yours sincerely,



Jerry Lampert
President and Chief Executive Officer

JAF/vjc