

May 25, 2007

Mr. Len St-Aubin
Director General,
Telecommunications Policy Branch,
Industry Canada,
1612A, 300 Slater St.,
Ottawa, Ontario, K1A 0C8.

Re: Consultation on a Framework to Auction Spectrum in the 2 GHz Range including Advanced Wireless Services

Since its launch in 1985, Canada's wireless sector has contributed to business competitiveness with products and services that have improved business processes and productivity through the application of wireless technologies. In its 22-year history, the wireless sector has remained competitive and innovative under a policy regime featuring a reliance on market forces and very minimal regulation. The upcoming auction of spectrum for advanced wireless services presents the opportunity for continued growth and innovation if an appropriate policy framework remains in place.

The Ontario Chamber of Commerce recognizes the value of spectrum to the sector's development and is pleased to provide comments on the policy questions in the consultation paper regarding the upcoming auction.

Comments on Section 2.7 and 3

2.7 Addressing the Potential for New Entry

In consideration of the present circumstances, the Department seeks comments on whether there is a need for measures intended to enable market entry in the AWS spectrum auction.

The Ontario Chamber of Commerce believes that the government should continue its policy of allowing the wireless market to develop with little interference from regulatory agents. In this way, market outcomes will foster healthy competition and innovation among all providers, existing and new.

Government interference in the marketplace is not warranted in the wireless sector. It is a competitive market with no dominant competitor and therefore offers businesses the optimal prices and services that the market can bear. To distort the market's behaviour by regulation in support of new entrants, would in effect restrict competition and favour certain players at the expense of optimal outcomes for customers.

In light of the competitive state of the Canadian wireless sector to date under a market-forces framework, the Ontario Chamber of Commerce does not see the rationale nor does it favour the introduction of measures which would interfere with the open market.

2.7.1 Spectrum Set-aside

The Department seeks comments as to whether a certain amount of spectrum should be set aside for new entrants. Comments should include a precise description of those who should or should not be entitled to bid.

The Ontario Chamber of Commerce believes that an open marketplace for spectrum, with a leveling playing field for all bidders, will foster healthy competition and innovation among providers. New entrants should bid for the spectrum on the same terms as incumbents.

A set-aside would effectively subsidize the market entry of a new provider. Recent experiences in the US and the UK demonstrate that set-asides are an ill-advised approach to market entry.

2.7.2. Spectrum Aggregation Limit on Auctioned Spectrum

The Department seeks comments as to whether an auction spectrum aggregation limit should be placed on the amount of spectrum that can be acquired by a single wireless service provider and its affiliates. Comments should include the amount of spectrum for the auction spectrum aggregation limit, to which bands it should apply and the duration.

Limits on the acquisition of spectrum are another restriction which would interfere with an open marketplace and optimal outcomes in the wireless sector. For the market for spectrum to operate efficiently, all players must have the opportunity to bid on the entire spectrum that is in their business interests.

3. Mandated Roaming

The Department invites comments on mandating incumbent mobile wireless operators to offer roaming services - to both competing and non-competing Canadian carriers - to foster the development of competitive wireless communication services.

Wireless providers have built their networks absent of regulatory interference. They have also negotiated roaming agreements on a commercial basis with other providers and without regulatory interference.

By mandating roaming agreements, the government would be interfering in the market and introducing a distortion which would very likely affect investments in network infrastructure by the incumbent carriers. Government should not introduce any

disincentives to investment in a sector which requires major capital expenditures to maintain and expand the network infrastructure.

Summary

The Ontario Chamber of Commerce believes that the government should continue to allow the wireless market to develop without any additional regulatory interference.

Market forces will continue to foster healthy competition and innovation. The wireless sector is competitive, mature and innovative. There is no evidence to suggest there is a rationale for the government to intervene with measures that would distort the market. If there continues to be a level playing field for all competitors, the sector will continue to operate in the best interests of its customers and thereby support the competitiveness of Ontario businesses.

In summary, the Ontario Chamber of Commerce urges the government to continue to implement a policy framework that is focused on benefiting customers, not specific providers. This approach is in the best interests of Ontario businesses and Canada itself in a global marketplace.

We would be pleased to answer any questions, or to further elaborate on our position. You may contact Stuart Johnston, Vice President Policy & Government Relations at (416) 482-5222, ext. 232, or stuartjohnston@occ.on.ca.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Len Crispino', with a small dot above the final 'o'.

Len Crispino
President & CEO

Cc: OCC Membership

As the most diverse and most influential business group in the province, the Ontario Chamber of Commerce works closely with governments, labour, academia and various other groups to create a stronger and more vibrant economy in Ontario and the surrounding regions.

The OCC represents 57,000 members through 160 independent chambers of commerce and boards of trade throughout the province. The OCC has worked on behalf of business since 1911.
