

July 30, 2010

Re: Foreign Investment in Telecommunications: Options for Reform

In researching foreign ownership and competition for telecommunications, I found some articles which contradict the idea that rates will go down with increased competition.

"Gaps Emerge in Consumer Protections after Phone Deregulation", California Chronicle, July 20, 2010.

<http://www.californiachronicle.com/articles/view/170327>

"A central premise of deregulation is that competition tends to keep prices down. So far, however, PUC data show that residential phone rates have increased, some by several hundred percent. One example is the monthly charge for an unlisted number. AT&T raised this rate 614 percent in the first year of deregulation – from 14 cents to \$1. SureWest raised the rate 563 percent, from 30 cents to \$1.99. Frontier increased it 99 percent, from \$1 to \$1.99. And Verizon upped it 25 percent, from \$1 to \$1.25."

"Basic cable rates increase 21% over two years", Associated Press, Milwaukee-Wisconsin Journal Sentinel, Dec. 1, 2009.

<http://www.jsonline.com/news/wisconsin/78221312.html>

"A new audit shows that basic cable rates in Wisconsin increased an average of 21% over the past two years.

That increase came despite a new law passed in December 2007 designed to increase competition and lower rates."

"Cable Bills in Texas Getting Bigger Despite New Competition", HearUsNow.org, May 25, 2007.

http://www.hearusnow.org/2007/05/cable_bills_in_texas_getting_b.html

"In Denton -- a suburban community north of Dallas -- the monthly rate for basic cable rose from \$12.78 in 2005 to \$19.05 today, an increase of more than 49 percent. And that increase occurred even as Verizon and another new competitor called Grande Communications began offering service there."

Quite often internet rates increase at the same time as cable rates for bundled services.

Regarding foreign investment, following the economic downturn, companies likely to take over Canadian businesses will come not from the United States but from Egypt, China, Singapore and Sweden, among numerous others. Regulation is key to Canadian sovereignty in any of these cases. With more than 49% ownership, foreign owners may have more power against regulation.

In Calgary there's been a large increase in the number of cell phone towers constructed over the past year. We've moved from the industrial revolution to the digital revolution but we still have 'smokestacks'. With new providers coming into the market, we need to find a way to accommodate their services without harming the visual aesthetics of our neighbourhoods. Municipalities need to have more control over this.

Thank you for the opportunity to participate in this consultation.

Sincerely,

Lynda G. Leonard
Calgary, AB

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