



TELUS

Floor 16
200 Consilium Place
Scarborough, Ontario
Canada M1H 3J3

Ed Prior
Director
Government & Regulatory Affairs

416 279 7523 Telephone
416 279 3166 Facsimile
ed.prior@telus.com

June 12, 2009

Gilles Rathier
Manager, Operational Policies
Radiocommunications &
Broadcasting Branch
Industry Canada
300 Slater Street
Ottawa, Ontario
K1A 0C8

Dear

Subject: **Gazette Notice DGrB-008-09, Consultation on a New Spectrum Licensing Approach and Fee for Narrowband Multipoint Communication Systems (N-MCS), April 2009**

TELUS Communications Company (TELUS) appreciates the opportunity to offer a few brief comments to Industry Canada (the Department) on issues raised in Canada Gazette Notice DGRB-008-09 (Consultation Paper). The headings used are those found in the Consultation Paper.

Proposed Licensing Approach

TELUS generally agrees with the Department's proposed licensing approach for new N-MCS systems in all frequency bands. TELUS notes that under the proposed Service Areas approach outlined in the Consultation Paper interference planning, coordination and enforcement will be paramount.

Proposed Fee

TELUS notes that in the preamble of section 4 the Department speaks of its intention to "charge a fee that reflects fair economic rent".¹ Further into the Consultation Paper the Department goes on to say "As noted in the *Spectrum Policy Framework*, two of Industry Canada's primary goals

¹ DGRB-08-09, Consultation on a New Spectrum Licensing Approach and Fee for Narrowband Multipoint Communication Systems (N-MCS), Industry Canada, April 2009, Section 4, page 3.

are to set fees that reflect the fair market value of the radio frequency spectrum being used”² TELUS would respectfully submit that the 2007 edition of the *Spectrum Policy Framework* does not either note nor require the setting of “fees that reflect the fair market value” of any fees being set. As TELUS said in responding to the same point in the consultation on the renewal of cellular and PCS licences “TELUS further notes that the Spectrum Policy Framework (SPF) itself does not speak of ensuring, let alone maximizing, a return for the Canadian public. As stated in the SPF the “Framework is comprised of a Preamble, a Policy Objective (the Objective) and a set of Enabling Guidelines (the Guidelines).”³ A careful review of these three elements will find no reference to such a requirement. What is referenced is a requirement to “maximize the economic and social benefits that Canadians derive from the use of the radio frequency spectrum resource.”⁴ Rather than justify a regime to maximize rents on spectrum licensees this objective requires that the Department take a holistic look at all of the benefits to Canadians derived from up-to-date, ubiquitous, broadband mobile networks and the continuing large investments required by the licensees. TELUS asserts that such a holistic view of the net benefits accruing to Canadians is the right focus for the Department. We submit that rather than develop market-based formulas outside of a consultative process, the Department work with industry to establish a methodology to set fees at a fair and reasonable level. We submit that the RABC could provide a forum to help define what is meant by a “fair return”.⁵

Pending such a review TELUS notes as the Department did in the Consultation Paper “It should be noted that licence fees in the United States are typically determined on an administrative cost-recovery basis only.”⁶ TELUS submits that given a holistic view of the fee structure that this is a very good fee for the Department to implement.

Yours truly,

Submitted electronically

Ed Prior

² DGRB-008-09, Op. Cit., section 5, page 5.

³ DGTP-002-07, Spectrum Policy Framework for Canada, Industry Canada, June 2007, page 7, section 4.1.

⁴ Ibid

⁵ TELUS response to DGRB-002-09, May 29, 2009, page 9.

⁶ DGRB-008-09, Op. Cit., section 5.1.1, page 6.