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Notice DGTP-002-07: Consultation on a Framework to Auction Spectrum in the 2GHz Range including Advanced Wireless Services," dated February 17, 2007

I am in favour of enhanced competition in the Canadian Wireless Communications industry. Today consumers have little to choose from due to the structure of the industry. We need a new entrant that will bring innovation.

My first reply to comments pertains to the people that commented for the May 25 deadline for comments. Look at who was for "Free Auction" (preventing new entrants) and who was in favour of a structure to enable new entrants.

FOR FREE AUCTIONS

Bell
Rogers
Telus
SaskTel
CWTA
Ontario Chamber of Commerce
Montreal Chamber of Commerce
Montreal Economic Institute
Vancouver Board of Trade/Mipps Inc
Radio Advisory Board of Canada
Van Horne Institute
Business Council of BC
La Chambre de Commerce Quebec
Canadian Mfgs & Exporters
Robert C. Simmonds

FOR ASSISTANCE

Quebecor/Videotron
Shaw Communications
Look Communications
MTS Allstream
Cogeco Cable
Primus Telecommunications
Eastlink
Harmony Mobile Networks
Boston Bar First Nation
WorldLynx Communications
Cybersurf Corp.
Niagara Networks
Data Audio-Visual Enterprises
L'Union des consommateurs
Eday Corporation
Canadian Cable Systems Alliance
Barrett Xplore
Craig Wireless Systems
chris Smith
Jeff Holt
Hugh Andrew

The people who are for "Free Markets" which will prevent the entrance of new competitors are the Big Three Oligopolist Telcos and their "proxy lobbyists". If you look at the CWTA, the Chambers of Commerce etc you will realize that all these companies could in one way or another be in the pocket of the carriers. I wonder how much money Telus gives to the Vancouver Chamber of Commerce and how much Bell gives to the Montreal Chamber of Commerce. These Chambers look out for the best interests of the

companies and not of the consumers. Can you really trust the economic advice given by the Montreal Economic Institute when they may receive funding from Bell? Then look at the side that wants more competition. These are smaller companies and citizens that want to provide new services and consumers who want more choice. Bell is afraid of Eastlink because Eastlink has been very successful in winning customers in Atlantic Canada at the expense of the incumbent Aliant Arm of Bell Canada. Bell is afraid of Videotron because they are winning lots of Bell customers in Quebec.

Robert Simmonds - Founder of Clearnet say

"While the government should continue to encourage competition, in my view there is absolutely no need nor reason for the government to artificially create an additional carrier or otherwise interfere in the wireless market at this time. Free market forces are working well and should be allowed to continue to perform in a natural manner."

I find it odd that Robert is against government assistance for new entrants when he was the recipient of a huge swath of free spectrum nationwide. He received more spectrum than Bell had! What could Robert's true motivation be? Could it be protecting the value of all the Telus stock that he owns? Is he in fact protecting his financial assets at the cost of the standard of living of Canadians? I find this shocking.

Bell Said

"An unrestrained auction provides a double benefit for Canadians: they become the beneficiaries of the advances and innovations that the competitive Canadian wireless industry will deliver through AWS spectrum, and government coffers receive significant revenues to use in the best interests of all. There are ripple effects, as well. Advances in wireless telecommunications facilitate commerce, improve productivity and enhance Canadians' quality of life."

I find it quite ironic and hypocritical that Bell would make this comment. How interested was Bell Canada earlier this year when they wanted to set up an income trust in order to minimize their tax responsibilities? Canada would have lost a lot more in tax revenue through that than through the potential losses in this spectrum auction. Think about this - even if Canada loses \$300 million dollars due to "new entrant subsidies" that equates to \$10 per Canadian citizen. I think that virtually every Canadian would be willing to pay this small price for increased choice and decrease price that would result due to increased competition.

Going back in history and we learn this about Bell:

"BCE was facing a "substantial increase" in taxes in 2008 because tax shelters will be fully used in the first half of next year. For 2007, the company estimated it would pay \$250-million in taxes if it did not convert to a trust.

As part of the corporate shakeup yesterday, BCE holding Bell Aliant plans to buy the 36.6% of Bell Nordiq it does not own, and BCE and Bell Canada will repurchase \$2.8-billion of preferred shares at BCE and Bell Canada.

The timing of the trust conversion was driven, in part, by the risk of a change in the federal government's policy on income trusts that has led to a flow of conversions to the tax-efficient structure, Mr. Ghose said."

Then think about this "Back in 1995, Bell was given 10 MHz D/D spectrum in ON + PQ. Clearnet and Microcell were given 30 MHz A/A spectrum nationwide." Reference: Strategis - History of PCS

Rogers said:

"There should be no set aside for new entrants, as this would unnecessarily interfere with the efficient allocation of scarce spectrum resources, inviting entry by speculators with no interest in building a new network or offering services."

Noow think back to the 2500 MHz spectrum auctions of 2004/2005. Rogers won a large amount of spectrum. Bell also won a lot of spectrum at significant cost. Initially Canadians thought that this would be a good sign for competition for these two companies but what do we see today? Roger and Bell merged their spectrum assets into Inukshuk where they are building a common network and then competing on marketing issues. Today there is no competition but co-competition. Look very hard - where are the services? Was Rogers' and Bell's desire to keep new entrants out by buying up most of the spectrum creating an insurmountable barrier to entry? This is how the Canadian Telcos compete. Disgusting I say.

Rogers has a wireless gross operating profit of about 49%. That is very high. New competition would mean that the number would drop. Rogers does not want competition for this reason.

CWTA said:

"The CWTA therefore recommends that Industry Canada rely on market forces to the maximum extent and should refrain from the use of artificial measures such as spectrum set-asides, spectrum caps and mandated roaming when licensing this spectrum. The continued reliance on competitive market forces will ensure that Canadian taxpayers receive the fair market value for this valuable public resource and that an important, intensely competitive and successful market will not be distorted.

Comparing the state of competition today with five years ago, the major structural changes in the market have been the loss of one facilities-based provider and the entry of several MVNOs. In terms of performance characteristics, there appears to be some lessening of focus on price reductions with more emphasis on the introduction of several new services and packages, particularly in the data area."

The CWTA is nothing more than a puppet for the Big Three Oligopolists. Darren, Ted and Michael pulling the strings and the CWTA speaks. The CWTA quotes more competition due to the number of MVNOs in the market. This is a red herring because the MVNOs use the networks of the incumbents. The Big Three network providers provide limited services at a certain price. The carriers set wholesale prices which ensure that even if the MVNOs are successful then the carriers become even more successful. I wonder who makes more money in this relationship - the network provider or the MVNO. MVNOs have no opportunity for true innovation.

The Van Horne Institute and WiTec Alberta

"Spectrum Set-Aside: Participants were divided on the issue of set-asides. Some argued that such a measure would amount to a government subsidy at the expense of Canadian taxpayers and market dynamics and, therefore, that set-asides should not be permitted. Others claimed that in many cases it would be difficult or impossible for new entrants to compete financially with incumbents in an auction process for high value licenses and that a set-aside will be necessary to encourage new entrants. Several participants noted that a set-aside might be considered only for under-served areas to encourage new entrants in these markets but that high value service areas do not require set-asides due to the high level of competition that they claim already exists in these markets.

Licence Term: Participants expressed mixed views on licence term and implementation requirements. One stated that the Department should follow the precedent set in the United States and extend the term to 15 years with no deployment requirement. This view held that deployment requirements were unnecessary given a licence-holder's economic incentive to recoup any significant investment in spectrum."

It should be noted that SIX of the members of the Round Table are from the incumbent carriers. It is obvious why there was division and conflicting views. I place this comment in the maintain the status quo section to highlight incumbent carrier manipulations. Of greatest interest to me is the comment that the licence term be extended to 15 years with no deployment requirement. This will be good for incumbent carriers because they will be able to buy up spectrum and prevent new entrants but not spend money on new technologies (capital intensive) while they leverage the old and established technologies. Think about Inukshuk - lots of spectrum but nothing being done with it.

The Carriers - Three Oligopolists - should not be allowed to continue in their comfortable market positions. With absurdly high operating profit margins the big three have gotten fat and lazy. I am envious when I travel to the US and see calling plans with hundreds of daytime minutes and free long distance calling available. Wireless data costs are a fraction of what we pay in Canada. That is the sign of "Canadian Style Telco Competition".

Please help ensure increased competition in this very important time in the development of canadian telcoms. I am more than willing to give you the \$10 (my share) that the government would lose by subsidizing a new entrant.

Markus Evons
A Concerned Citizen