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Mr. Len St-Aubin
A/Director General
Telecommunications Policy Branch
Industry Canada
16th Floor
300 Slater Street
Ottawa, Ontario
K1A 0C8

Re: Canada Gazette Notice, Part I, 17 June 2006 Order under Section 8 of the Telecommunications Act – Policy Direction to the Canadian Radio-television and Telecommunications Commission (CRTC).

Dear Mr. St-Aubin,

In accordance with subsection 10(1) of the *Telecommunications Act* and the procedures outlined within Canada Gazette, Part I, 17 June 2006, Saskatchewan Telecommunications ("SaskTel") provides the following comments with regard to the Governor in Council's proposed policy direction to the CRTC on "how the Commission should exercise its regulatory mandate."

Initially, SaskTel would reiterate that it has had concerns with the application of existing telecommunications regulation for some time. In recent years, it has become evident to us that the current regulatory framework with its emphasis on micromanaging the marketplace is increasingly harmful to Saskatchewan consumers. As the Telecommunications Policy Review (TPR) Panel concluded "Canada has reached the point, for the vast majority of retail telecommunications markets, where the potential costs to the Canadian economy of continued regulation outweigh any real benefits."¹ Consequently, SaskTel was encouraged by the TPR Panel's key finding "that competition in telecommunications markets has evolved to the point where market forces can be relied upon to achieve many telecommunications policy objectives and the need for regulation should no longer be presumed."²

SaskTel believes that the recommendations contained in the Final Report of the Telecommunications Review Panel form a complete, comprehensive and interlinked framework for reform of telecommunications policy development and regulation in Canada. While SaskTel does not endorse every recommendation within the Final Report, the blueprint provided by the Panel represents an effective, coordinated approach to telecommunications policy development that will benefit all participants. In particular, the Panel's proposal to implement reform in two phases is reasonable and necessary – initially undertaking initiatives, like a policy direction, to be implemented immediately under existing legislation, and concurrently beginning the process of developing the legislative changes required to implement the remaining recommendations in the second phase of the reform process.

¹ Final Report, Telecommunications Policy Review Panel, 2006, page 3-11.

² Canada Gazette, Part I, *Regulatory Impact Analysis Statement*, 17 June 2006.

SaskTel believes that regulatory reform should happen within months not years – the telecommunications industry and consumers cannot afford a lengthy delay. In our view, changes in legislation should not stand in the way of policy changes needed to stimulate the market. There is room for a parallel track of policy direction and legislative changes.

As the Regulatory Impact Analysis Statement within the Gazette Notice indicates, “maintaining the current regulatory framework is not a viable option if the Government wants to improve the productivity and competitiveness of the Canadian economy and ensure a strong, internationally competitive telecommunications industry.” Moreover, “delaying the release of the policy direction until the Government is prepared to respond in full to the Panel’s report would delay regulatory change, and mean that Canadians are delayed in seeing the benefits of a regulatory regime that relies more on market forces.”

The federal regulator must be given clear direction that current regulatory approaches and the “culture” of regulation must change by providing new telecommunications policy direction and guidelines for regulatory action. In this regard, SaskTel notes that despite the TPR Panel’s conclusion that the cornerstone of the telecommunications policy framework should be an increased reliance on market forces, subsequently the federal regulator, in its local forbearance determinations, maintained the old presumption of economic regulation and created more intrusive and costly micromanagement of the market. The result of those determinations will be that deregulation will be virtually unachievable in many parts of Saskatchewan. The impact on Saskatchewan customers will be that they will not get the benefit of market forces, which translates into fewer choices and much less price competition. As a result, both SaskTel and the Government of Saskatchewan have petitioned the federal government to direct the CRTC to reconsider its framework for local forbearance, and are hopeful the Governor in Council will do so quickly.

It is critical that the federal government take decisive steps to position the Canadian telecommunications sector for the 21st Century. Issuing a policy direction now will, in the words of Industry Minister Maxime Bernier, “immediately begin the modernization of our telecom regulation.”³

In terms of the proposed text of the policy directive, SaskTel notes that it is a strong advocate of a greater reliance on market forces, and the adoption of a more market-focused approach to the application of regulation - - regulate only when absolutely necessary, and then in a fair and efficient manner. For the most part, the principles and specific measures within the proposed policy direction are consistent with SaskTel’s positions and views. SaskTel would agree with the Regulatory Impact Statement assessment that the “policy direction will contribute to more effective and efficient regulation in this vital industry.”

Consequently, SaskTel applauds Industry Minister Bernier’s quick response to the recommendations of the TPR Panel. We are pleased particularly with the much-needed clarity provided within the policy direction with regard to the application of market-oriented regulation in the development of the Canadian telecommunications marketplace.

In addition, while we look forward to the Houses of Parliament directing their attention to the proposed policy direction, SaskTel respectfully encourages both Houses of Parliament to endorse the directive in a timely manner.

³ Honourable Maxime Bernier, Minister of Industry, *Speaking Notes*, 2006 Canadian Telecom Summit, Toronto, Ontario, 13 June 2006.

SaskTel encourages the federal government to continue to move forward expeditiously to adopt additional measures so that consumer choice, competition and technological innovation are the motivating drivers in the telecommunications sector, not regulation. SaskTel concurs with the Gazette Notice statement that the policy and regulatory framework must help “ensure that Canada has a strong, internationally competitive telecommunications industry, with world-class services for the economic and social benefit of all Canadians.”⁴ In the coming months, SaskTel is committed to working collaboratively with the federal government and the industry in this important endeavor.

Thank you for the opportunity to provide our comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'RW', is positioned above the typed name.

Robert Watson
President and CEO
SaskTel

⁴ Canada Gazette, Part I, *Regulatory Impact Analysis Statement*, 17 June 2006.