

August 16, 2006

Mr. Leonard St. Aubin
Acting Director General
Telecommunications Policy Branch
Industry Canada
16th Floor, 300 Slater Street
Ottawa, ON K1A 0C8

Dear Mr. St. Aubin:

Subject: Canada Gazette, Part 1, 17 June 2006: In the Matter of Order under Section 8 of the Telecommunications Act – Policy Direction to the Canadian Radio-television and Telecommunications Commission

1. Bell Aliant Regional Communications applauds Minister Bernier for the tabling of the proposed Policy Direction to the Canadian Radio-television Telecommunications Commission (CRTC) on June 13, 2006. This is a significant first and necessary step in the reform of Canada's national telecommunications policy. The results of this proposed policy direction, as well as further initiatives stemming from the Telecom Policy Review (TPR) Panel Final Report, will provide benefits to Canadian consumers through competitive prices and spurring innovation of new services and technologies.
2. The Government's purpose in tabling proposed direction is to steer the CRTC into relying on market forces to the maximum extent feasible and limiting regulation to where there is still a need to do so and in a manner that interferes with market forces to the minimum extent necessary.
3. Atlantic Canada has the most dynamic and competitive telecom sector in the country, yet the regulatory environment for Bell Aliant continues to be heavy handed as the CRTC attempts to micro manage as though it remains a monopoly. Ironically, tariffed service regulation is far more pervasive and more intrusive today than it was under monopoly conditions.
4. We commend the Minister for the speed in which he chose to start the process of implementation of the Telecom Policy Review Panel's final report. It is vital for consumers that the Country's regulatory environment evolves allowing Canada to once again be at the forefront in telecommunications – showing our leadership in innovation and the deployment of networks and services. Market forces, not regulation, spur the forces of innovation and therefore the sooner regulation is removed from areas where market forces will protect consumers, the quicker Canada will get back to its leadership role.

5. The Government stated in its Regulatory Impact Analysis Statement accompanying the Proposed Policy Direction, "A fundamental finding of the panel was that competition 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." Further, the TPR Panel noted in their report that the current regulatory framework has become burdensome for the Country's major telecommunications service providers, who are facing stronger competition in a number of market segments from well established facilities based rivals. All Canadians will continue to suffer as the current regulatory framework removes the benefits of full and vibrant competition and provides no incentive for investment in advanced infrastructure and innovation in new services.
6. Such is the case in the Bell Aliant region of Atlantic Canada, where the Company is faced with significant competition in its markets which was described in detail in the Aliant application for forbearance from regulation for residential local services in parts of Nova Scotia and Prince Edward Island. This application was originally filed with the CRTC in April of 2004 and provides a detailed view of the competitive pressure that is occurring in the Atlantic region. Although the CRTC in its forbearance decision agreed that Aliant, in losing in excess of 25% of the market share, was facing considerable competition in the Halifax area, the Commission created additional conditions which have actually become barriers to prevent forbearance. Thus the Commission has denied Aliant the ability to compete on an equal footing with its competitors, preventing the deserved competitive benefits to customers in Nova Scotia and Prince Edward Island.
7. Bell Aliant, along with Bell Canada, Telus and SaskTel filed an appeal with the Governor in Council asking the Cabinet to send this inappropriate decision back to the Commission for further review and revision. We believe that the regulatory criteria as set out in this decision not only is contrary to a market base approach, but actually interferes with market forces, denying customers the full benefits by restricting Bell Aliant's ability to market its products and services in the same manner as its competitors.
8. Congratulations for taking this first step in tabling the Policy Direction. The Company looks forward to participating in consultations on the necessary legislative change which is critical to allow the Canadian communications industry to regain its leadership role in this vital sector.

Yours truly,

[Original signed by Fred Crooks]

Fred Crooks
Chief Legal Officer, Bell Aliant Regional Communications

In electronic format, to telecom@ic.gc.ca