

August 8, 2006

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Dear Diane Marleau

As you may be aware, the Government of Canada recently published a proposed “Policy Directive” to the Canadian Radio-television and Telecommunications Commission (CRTC) in the Canada Gazette which is open for public comment until August 16, 2006. The proposed Policy Directive was also tabled in Parliament on June 13, 2006 and is open for MPs to comment upon until approximately early October 2006.

The proposed Directive has been drafted with good intentions, and seeks to improve efficiency within the telecommunications sector by increasing competition. There is, however, a major flaw in implementing this Directive as currently drafted; one which, if not addressed, will significantly undermine competition in the Canadian telecommunications sector.

Simply put, the government appears to be taking the first steps towards deregulation of the “wholesale” telecommunications market. This services included in this market are provided almost exclusively by the large telephone companies (because they are the only companies with truly ubiquitous networks) and are used by competitors to provision a number of important retail telecommunications services, such as local telephone service, long service, data services, broadband services and high speed Internet access services.

We believe that this step has been taken under the mistaken belief that, deregulation of the wholesale market for these underlying wires, cables, and interconnection services, will somehow result in greater competition in the retail market. In actual fact, however, the opposite is true: if the major incumbent telephone companies are not required to provide new entrants with access to their networks on rates terms and conditions that reflect their the monopoly or near-monopoly control over the supply of these facilities, no new competitors will enter the market. In fact, the market will contract in terms of the number of competitors and suppliers.

Naturally, this is what the large telephone companies want, and they have lobbied hard to ensure that their goals are met. However, this is not what my business wants.

As the Honourable Maxime Bernier stated in announcing the policy directive: “It’s impossible to overstate how important the telecom industry is to our competitiveness, our productivity and our living standards. Our very future as a developed nation is increasingly dependent on information and communications technology. [...] We cannot afford to lag behind while other countries leap forward.”

Nor can we afford to make a mistake, which is why I am urging you to ask Minister Bernier and all of your colleagues in Parliament to support a proposed amendment to one of the provisions contained in the proposed Policy Directive. Specifically, I would like to ask you to support the following alternative wording for paragraph 1.(c)(ii) of the Directive:

With a view to providing increased incentives for innovation and investment, and to building a stronger competitive environment with greater choice, lower prices and better services for Canadians, conduct a review of its regulatory framework regarding mandated access to wholesale services to ensure that the definition of essential facilities and services is technologically and competitively neutral and adequately addresses the existence where found, of significant market power with respect to network infrastructure,

If you do not know enough about this issue, I urge you to visit www.theTrueVoice.ca, where further information is available, [as well as a petition outlining the proposed alternative wording for the single paragraph of the Policy Directive at issue.]

I also urge you to raise this issue among your colleagues and within the Parliamentary system, in order to ensure that the proposed Policy Directive, as currently drafted, does not become the law in the absence of this extremely important amendment.

Sincerely,

Josey Frescura