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**Re: Canada Gazette Notice No. SLPB-002-17: Consultation on a Licence Renewal Process for Advanced Wireless Services and other Spectrum**

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Please find attached the reply comments of Rogers Communications Canada Inc. (Rogers) in response to *Canada Gazette*, Part I, June 24, 2017, *Consultation on a Licence Renewal Process for Advanced Wireless Services and other Spectrum* (SLPB-002-17).

Rogers thanks the Department for the opportunity to provide input on this important issue.

Yours very truly,



Howard Slawner  
Vice President – Regulatory Telecom  
HS/pg

Consultation on a Licence Renewal Process  
for Advanced Wireless Services  
and other Spectrum  
SLPB-002-17

Reply Comments of  
Rogers Communications Canada Inc.  
August 14, 2017



## Executive Summary

- E1. Rogers remains supportive of Innovation, Science and Economic Development Canada's proposal to renew AWS-1, G Block and I Block spectrum licences that have met their conditions of licence. The Department should renew the spectrum licences in this consultation process for 20-year terms to standardize with other mobile bands and to provide greater certainty for service providers to continue to make the large investments required for network maintenance and growth.
- E2. The Department already increased deployment requirements less than three years ago for mid-band spectrum with the same propagation characteristics in their release of the AWS-3 technical, policy, and licensing framework. No participant in this proceeding provided any evidence to support an additional increase to deployment requirements for similar mid-band spectrum less than three years later. If the Department believes they must further incent deployment from the original roll-out targets, they should harmonize deployment requirements on a Tier 3 basis at the same coverage percentages as the AWS-3 spectrum band.
- E3. Commenters all agree that the Department should take a very cautious approach when exploring opportunistic sharing as the technology remains in development and will not be ready for commercial trials for years. Even once the technology matures, many state that the Department should explore sharing in bands with open spectrum designations, lightly licensed mobile bands or bands with users in restricted geographic areas, especially in light of the fact that the amount of spectrum available for unlicensed use is many multiples the amount of licensed spectrum available for commercial mobile networks. Once the technology has proven itself, ISED should then launch a comprehensive consultation to consider all the implications of any broad adoption of opportunistic access. Such a balanced approach will ensure the continuous investment in and the reliability of the advanced mobile communication networks that Canadians have come to enjoy and demand.

## Introduction

1. Rogers Communications Canada Inc. (Rogers) welcomes the opportunity to reply to comments filed by other parties in response to *SLPB-002-17: Consultation on a Licence Renewal Process for Advanced Wireless Services and other Spectrum*<sup>1</sup> (the

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<sup>1</sup> ISED, *SLPB-002-17: Consultation on a Licence Renewal Process for Advanced Wireless Services and other Spectrum* (Consultation); <http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf11273.html>.

Consultation), published Innovation, Science and Economic Development Canada's (ISED or the Department) website on July 28, 2017.

2. Rogers stated its position on all of the issues raised in the Consultation in its comments of July 25, 2017. This reply is limited to comments on proposals made by other parties. Failure to address any specific issue raised by other parties should not be taken by the Department as Rogers' acquiescence with the position.

### **Rogers' Reply to Comments of Other Parties**

A. ISED invites comments on the assessment of the AWS-1, G Block and I Block equipment ecosystems.

3. Commenters agree that the AWS-1 equipment ecosystem is well established and robust.<sup>2</sup> Although Shaw Communications Inc. ("Shaw") states certain devices have not been made available to new entrants in the same timeframe as the incumbents,<sup>3</sup> they did not dispute the overall strength of the AWS-1 ecosystem. Other 2008 new entrants did not have the same concerns as Shaw. Bragg Communications Inc. ("Eastlink") states, "Eastlink has deployed our AWS-1 spectrum across our licence areas and our devices are all compatible with the band."<sup>4</sup> Québecor Média Inc. ("Quebecor") highlights that usage of the AWS-1 band is not only robust in today's networks but will continue to play an important role as carriers look to deploy Third Generation Partnership Project (3GPP) 5th Generation (5G) technology.

Sur la base de ce que nous venons de voir, on peut conclure sans risque de se tromper que la bande de fréquences des SSFE-1 conservera son rôle central dans l'évolution des réseaux sans fil mobiles vers la 5G et que, par conséquent, l'écosystème des équipements SSFE-1 conservera son caractère robuste.<sup>5</sup>

4. There was also consensus amongst submissions to the lack of ecosystem available for the I Block or, at least, no opposition to the idea. Bell Mobility Inc. ("Bell") and Eastlink also identify a lack of 3GPP band plan for the I Block, a point Rogers raised in our comments.<sup>6</sup> Saskatchewan Telecommunications ("SaskTel") states the apparent lack of any near term band plan or ecosystem suggests that the licences

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<sup>2</sup> Bell Comments, para 1; Telus Comments, 10; SaskTel Comments, para 16; Ecotel Comments, para 19.

<sup>3</sup> Shaw Comments, para 31.

<sup>4</sup> Eastlink Comments, para 15.

<sup>5</sup> Quebecor Comments, para 12.

<sup>6</sup> Bell Comments, para 1; Eastlink Comments, para 16; Rogers Comments, para 12.

should be returned.<sup>7</sup> Rogers notes that this opinion was only expressed by SaskTel, with other carriers either not expressing an opinion or supporting renewal.

5. Telus Communications Inc. (“Telus”) attempts to argue that the PCS G Block ecosystem is far less robust than the AWS-1 ecosystem.<sup>8</sup> SaskTel however, notes that PCS G block deployments are actually now feasible.<sup>9</sup> As demonstrated in Rogers’ original submission, there are now approximately 358 LTE devices that support the PCS G block.<sup>10</sup> Bell further explains that, “35% of the devices currently in the market support G Block, including devices from manufacturers such as Apple, Samsung, Blackberry, HTC, LG and Motorola.”<sup>11</sup> There is therefore a large and diverse device ecosystem for the PCS G block.

B. ISED invites comments on the proposal to renew AWS-1, G Block and I Block licences that have met their conditions of licence.

6. There was general support amongst all commenters that licences should be renewed where licensees had met their conditions of licence, including deployment coverage. However, Shaw noted that the original AWS-1 deployment requirements from the *Licensing Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range* (“Licensing Framework”) were listed as “roll-out targets.”<sup>12</sup> Once again however Shaw is an outlier even amongst 2008 entrants, with neither Eastlink nor Quebecor suggesting the Department should consider anything less than achieved roll-out targets in the original Licensing Framework.<sup>13</sup>
7. There was some disagreement amongst industry members on how to deal with the I Block licences, as there remains no ecosystem. SaskTel believes it inappropriate to renew or reissue I Block spectrum licences at this time due to a lack of ecosystem, while Bell and Eastlink state that due to lack of ecosystem, licences should be renewed with the current licence terms.<sup>14</sup> Rogers supports the renewal of the I Block licences as it will allow I Block licence holders a chance to recoup their acquisition costs.

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<sup>7</sup> SaskTel Comments, para 22-23.

<sup>8</sup> Telus Comments, para 12.

<sup>9</sup> SaskTel Comments, para 20.

<sup>10</sup> Rogers Comments, para 11.

<sup>11</sup> Bell Comments, para 1.

<sup>12</sup> Shaw Comments, para 36.

<sup>13</sup> Eastlink Comments, para 18; Quebecor Comments, para 13.

<sup>14</sup> SaskTel Comments, para 23; Bell Comments, para 3.

8. There is no basis for Ecotel Inc.'s ("Ecotel") suggestion that the Department mandate spectrum subordination.<sup>15</sup> As stated in our comments, Rogers has entered voluntarily into multiple agreements subordinating spectrum to small regional and community-based carriers serving rural and remote areas over the years and remains open to entering into similar arrangements in the future.<sup>16</sup> In fact, we have approved almost every request made. However, these negotiations should remain on a voluntary basis to ensure that the primary licensees' deployed wireless networks and future deployment plans are not negatively impacted to the detriment of current and future wireless subscribers.

C. ISED invites comments on the likely timeframe for availability of equipment capable of providing access to licensed spectrum on an opportunistic basis.

9. Commenters were overwhelmingly of the opinion that the Department should take a very cautious approach when exploring opportunistic sharing, particularly in relation to licensed spectrum. Telus and SaskTel offer the most supportive comments of the technology but even they caution that it is only a possible long term solution and not immediately applicable.<sup>17</sup>
10. Many commenters had no insight on availability of the equipment but those that did indicate that the technology is immature and commercial equipment is still many years away.<sup>18</sup> Further, as Xplornet states, "The mere emergence of equipment capable of this functionality does not necessarily mean that a fundamental change in spectrum planning and usage is in the public interest or is otherwise justified."<sup>19</sup> This is the view of the large number of submissions that state any exploration of opportunistic access should be proceeded by a comprehensive consultation by the Department once the technology matures to a point that it can be trialed.<sup>20</sup>
11. Bell believes once opportunistic spectrum access technology matures, it should be trialed in "Greenfield spectrum."<sup>21</sup> Rogers supports this view, as can be seen in our suggestion that the Department limit any explorations of opportunistic sharing "to future bands with open spectrum designations, lightly licensed mobile bands or

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<sup>15</sup> Ecotel Comments, para 20.

<sup>16</sup> Rogers Comments, para 16.

<sup>17</sup> Telus Comments, para 24; SaskTel Comments, para 26.

<sup>18</sup> Telus Comments, para 22; Bell Comments, para 4; SaskTel Comments, para 26; Rogers Comments, para 21

<sup>19</sup> Xplornet Comments, para 5.

<sup>20</sup> Eastlink Comments, para 21. Xplornet Comments, para 5. SaskTel Comments, para 28. Bell Comments, para 7. Quebecor Comments, para 19; CWTA, para 5.

<sup>21</sup> Bell Comments, para 6.

bands with limited users in restricted geographic areas that will be protected from interference.”<sup>22</sup>

12. All industry stakeholders commenting on the Consultation, from national operators to AWS-1 entrants and regional carriers, were concerned about the potential for massive, negative disruption of facilities-based competition built on exclusive licences. As Bell states, “Companies who invest millions or, in some cases, billions of dollars deploying spectrum must clearly understand all of their rights and obligations upfront.”<sup>23</sup> This sentiment is echoed by Quebecor, who states:

L’utilisation exclusive et sans entrave du spectre sous licence est la pierre d’assise sur laquelle repose la capacité des FSSF d’offrir à leurs clientes respectives des services sans fil mobiles de grande qualité et de haute capacité. En fait, c’est une des principales raisons pour lesquelles les FSSF acceptent de prendre la décision commerciale d’acquérir (plus souvent qu’autrement) à fort prix ce type de fréquences.<sup>24</sup>

13. What’s more, as Telus highlights, there is already nearly 8 GHz of licence exempt spectrum available, with a further 7 GHz proposed, versus only 648 MHz of licensed cellular mobile radio spectrum currently available.<sup>25</sup> Even after the 600 MHz auction and 3.5 GHz band is licensed for mobile usage, there will be a 15:1 ratio of unlicensed to licenced spectrum available. The Department should be very cautious with any policy that would decrease the amount of exclusive licensed spectrum available for the mobile communications infrastructure that Canadian consumers and businesses rely on.

D. ISED invites comments on the proposal to renew AWS-1 and G Block licences that have complied with their conditions of licence for a new term of 20 years and I Block licences that have complied with their conditions of licence for a new term of 10 years.

14. Support for 20-year terms for AWS-1 and PCS G Block licences is unanimous in the submitted comments. There was some variation in responses to I Block renewal licence terms, with Shaw, Ecotel and Telus supporting the Department’s proposed 10-year term.<sup>26</sup> As indicated above, SaskTel is an outlier in their view that the I Block licences should not be renewed at this time since there is a lack of an ecosystem but

<sup>22</sup> Rogers Comments, para 22.

<sup>23</sup> Bell Comments, para 6.

<sup>24</sup> Quebecor Comments, para 17.

<sup>25</sup> Telus Comments, para 23.

<sup>26</sup> Shaw Comments, para 53; Ecotel Comments, para 23; Telus Comments, para 27.

supports the proposed 10-year term should ISED renew the licences.<sup>27</sup> Due to the lack of developed ecosystem for the I Block, Bell supports a 5-year renewal term for the Department to reevaluate, while Xplornet and Eastlink support 20-year terms to allow the ecosystem time to develop and licensees a chance to recoup their spectrum costs.<sup>28</sup>

15. Upon review of the arguments put forth by all the stakeholders, Rogers supports the renewal of I Block spectrum licences for 20-year terms. This would provide adequate time for an equipment to be developed and deployed while allowing enough time for investment in both the network and spectrum to be recovered. Additionally, it would harmonize licence terms with other more recently auctioned and renewed spectrum bands.

E. ISED invites comments on the proposal to apply deployment levels at the Tier 4 population coverage level, within eight years of the new licence term, as described above and provided in annex C, to the AWS-1 and G Block licences issued through the renewal process.

16. In Rogers' comments, we note that currently some 97% of Canadians, in both urban and rural parts of the country, have access to wireless services and moving to a Tier 4 basis will not result in any significant expansion of this footprint.<sup>29</sup> No evidence was submitted that changes Rogers' view. Further, as Bell states, "It is unusual for ISED to expand spectrum deployment requirements as part of a licence renewal and we would not support such a change in all cases."<sup>30</sup> As explained in Rogers' initial comments, the Department's normal course of action with licence renewal is to remove deployment targets from the conditions of licence for those licences that have met coverage requirements.<sup>31</sup>

17. The most supported proposal in the submissions was that the Department should proceed with the option of eight- year deployment requirements for Tier 3 service areas within each Tier 2 licence area, which would harmonize AWS-1 and PCS G Block spectrum with the AWS-3 requirements.<sup>32</sup> Xplornet, Shaw, and Eastlink all highlight that the propagation characteristics of mid-band spectrum is not best suited

<sup>27</sup> SaskTel Comments, para 33.

<sup>28</sup> Bell Comments, para 9; Xplornet Comments, para 6; Eastlink Comments, para 24.

<sup>29</sup> Rogers Comments, para 27.

<sup>30</sup> Bell Comments, para 10.

<sup>31</sup> Rogers Comments, para 28.

<sup>32</sup> Rogers Comments, para 29; Shaw Comments, para 54; Eastlink Comments, para 31; Quebecor Comments, para 30; Xplornet Comments, para 7.

for coverage in rural or less densely populated areas of Tier 4 service areas.<sup>33</sup> Even SaskTel, who does support a move to Tier 4 deployment overall, does not believe mandatory deployment of every AWS-1 and PCS G spectrum block in rural areas is required to provide good quality wireless broadband service, and would result in a wasted investment.<sup>34</sup>

18. It should be further noted that the Tier 3 requirements proposed by the Department in Annex B of the Consultation are equal to those for the AWS-3 spectrum, a band with the same propagation characteristics as the AWS-1 band. In December 2014, the Department itself “determined that an increase of 10% to the AWS-1 Tier 3 coverage levels in each service area will expedite deployment beyond large and medium population centres, resulting in more timely access to advanced wireless services in more rural areas and small communities.”<sup>35</sup> For those parties in support of the Tier 4 deployment requirements, not one offers a single piece of evidence that supports a further increase of mid-band spectrum coverage requirements less than three years later. In fact, SaskTel’s support for Tier 4 deployments comes with the recommendation that nearly 20% of their Tier 4 licence areas be omitted from any higher requirements.<sup>36</sup>

19. Rogers maintains our position that the Department should not implement deployments requirements below Tier 3 for mid-band mobile spectrum but rather could harmonize with the higher AWS-3 Tier 3 targets. As the Department itself found less than three years ago, “in low population density tiers, the 10% increase will result in 1.5 to 2 times the population having access” to services while in tiers with higher density populations, the 10% increase over the previous AWS-1 targets requires deployment “beyond the urban core or to more communities within the tier.”<sup>37</sup> For those areas within Tier 3’s that remain uneconomical to serve for any single operator, voluntary spectrum arrangements, including spectrum subordination, will provide for the necessary cooperation between different operators and limit the risk of interference.

F. ISED invites comments on whether or not the proposed Tier 4 deployment option should apply to I Block licences issued through the renewal process.

<sup>33</sup> Xplornet Comments, para 7; Shaw Comments, para 55; Eastlink Comments, para 29.

<sup>34</sup> SaskTel Comments, para 38.

<sup>35</sup> ISED, *Technical, Policy and Licensing Framework for Advanced Wireless Services in the Bands 1755-1780 MHz and 2155-2180 MHz (AWS-3)*; <http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf10911.html#s9.3>.

<sup>36</sup> SaskTel Comments, para 36.

<sup>37</sup> ISED, AWS-3.

20. Due to the lack of an ecosystem for the I Block spectrum, carriers could come to no consensus on how the Department should move forward with I Block deployment requirements. However, no stakeholder was in favour of a Tier 4 deployment option for I Block spectrum. Telus and SaskTel both supported that if the I Block licences were renewed, ISED should apply deployment levels at the Tier 3 population coverage level.<sup>38</sup>
21. The most supported position amongst commenters, including Rogers, Bell, Eastlink, Shaw, and Ecotel, suggests that with the lack of equipment ecosystem for the I Block, there should be no change in deployment requirements.<sup>39</sup> With no mobile devices currently available to operate in the I Block, it would not make sense to move forward with a more aggressive deployment option. Once a standardized solution is widely available, the Department can then consult on whether to harmonize I Block deployment requirements with other spectrum licences issued through this renewal process.

G. ISED invites other proposals for deployment requirements for the AWS-1, G Block and I Block licences issued through the renewal process.

22. As noted above, Ecotel believes ISED should force subordination agreements between mobile network operators even if deployment conditions within a license area have been met.<sup>40</sup> Such a measure is unnecessary. Licensees have acquired exclusive usage spectrum licences at significant and ongoing costs. They continue to expend considerable resources in network planning and deployments wherever it is economically feasible and market-demand exists. Further, any mandatory process could result in challenges to the Department's current policy of setting deployment targets for spectrum licences. If a spectrum licence was involuntarily sub-divided, it could result in interference and serve as an impediment to the future deployment plans of the primary licence holder, including other spectrum sharing arrangements. This would still be the case even if the requested sub-division were non-contiguous with areas already being served by the primary licensee.
23. There is also no evidence for the need for mandatory subordination. Rogers has received many requests over the years and has agreed to provide spectrum in almost every case. As long as Rogers is not using, or plans to use the spectrum, we

<sup>38</sup> Telus Comments, para 35; SaskTel Comments, para 48.

<sup>39</sup> Rogers Comments, para 34; Bell Comments, para 12; Eastlink Comments, para 32; Shaw Comments, para 58; Ecotel Comments, para 30.

<sup>40</sup> Ecotel Comments, para 31.

make it available. This has helped foster network deployment in rural and remote parts of the country.

24. Subordination and other spectrum sharing agreements should therefore continue to be negotiated on a voluntary basis to ensure that the primary licensees' deployed wireless networks and future deployment plans are not negatively impacted to the detriment of current and future wireless subscribers. The Department appears to share this view, as the Consultation itself states, "commercial arrangements with third parties for the use of the spectrum can be an effective way for licensees to increase deployment in their licence area."<sup>41</sup>

H. ISED invites comments on the proposed conditions of licence for the AWS-1, G Block and I Block licences issued through the renewal process as set out in annex A.

### **Mandatory Roaming**

25. Telus and Bell support the removal of the mandatory roaming condition of licence,<sup>42</sup> a position the Department should firmly reject. Telus states, in light of the CRTC Telecom Regulatory Policy (TRP) 2015-177, "the current situation gives rise to unnecessary and duplicative regulation, so the Department could investigate to what extent CPC-2-0-17 could be amended."<sup>43</sup>
26. In fact, TRP 2015-177 does not duplicate CPC-2-0-17 and ISED's mandatory roaming provisions remain necessary. While TRP 2015-177 did establish rate regulation for wholesale roaming services provided to non-national carriers, Client Procedures Circular (CPC) 2-0-17 *Conditions of Licence for Mandatory Roaming and Antenna Tower and Site Sharing and to Prohibit Exclusive Site Arrangements* covers important areas not contemplated by the CRTC, including the mandated roaming requirement itself. CPC-2-0-17 further includes a roaming request process backed-up by commercial negotiation timelines and arbitration if the two parties cannot come to a roaming agreement. This end-to-end process benefits millions of Canadian mobile customers by balancing the objective of encouraging the "deployment of advanced networks that provide the greatest choice of basic and advanced services available at competitive prices to the greatest number of

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<sup>41</sup> Consultation, para 19.

<sup>42</sup> Telus Comments, para 46; Bell Comments, para 26.

<sup>43</sup> Telus Comments, para 47.

Canadians<sup>44</sup> with the fact that operators may require access to wholesale roaming services on a reasonable basis as they continue to expand their networks in an orderly manner. The mandatory roaming condition of licence therefore remains every bit as necessary today as when it was first introduced.

27. The basis for Bell's suggestion to remove the mandatory roaming condition is to preserve facilities-based competition. Bell states, "A mandatory roaming CoL that requires national wireless carriers to provide roaming to other national wireless carriers is at odds with the principles of facilities-based competition and creating incentives to invest in network infrastructure."<sup>45</sup>
28. The mandatory roaming regime has not impaired facilities-based competition. Rogers has continued to invest billions of dollars into its network during the mandatory roaming regime. The conditions of licence ensure such investment by only entitling roaming to carriers who build and operate their own home network. Furthermore, roaming carriers are only entitled to services they deliver themselves and at a level of quality they provide their own customers. This necessitates continuous investment by Rogers and all roaming carriers.
29. ISED (or Industry Canada as it was known then) was very deliberate when it introduced mandatory roaming, creating a regime to stimulate competition. In first establishing the mandatory roaming conditions of licence in 2008, ISED intentionally included all carriers including national carriers. Subsequently, in 2013, ISED intentionally broadened the scope of mandatory roaming in the revised CPC-2-0-17, making the obligation indefinite and including in-territory roaming. ISED stated that this expansion was done to provide "the opportunity for operators to negotiate access to the best possible geographic coverage of roaming for their customers at a quality and at a level of service comparable to the Home Network."<sup>46</sup> TRP 2015-177 did not address these issues as they were already resolved at the time of the CRTC proceeding.
30. ISED must therefore maintain the current mandatory regime. TRP 2015-177 does not duplicate the conditions of licence. The mandated roaming requirements remain essential, especially in light of the Bell/Telus joint network, whereby each partner only builds out their Radio Access Network to an area roughly equal to their own wireline footprint. Contrary to Bell's assertion, mandated roaming is not at odds with facilities-based competition but their joint network arrangement is. It has allowed Bell

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<sup>44</sup> ISED, *CPC-2-0-17 — Conditions of Licence for Mandatory Roaming and Antenna Tower and Site Sharing and to Prohibit Exclusive Site Arrangements, Issue 1*; <http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf10563.html#Roaming>.

<sup>45</sup> Bell Comments, para 23.

<sup>46</sup> ISED, *DGSO-001-13 Revised Frameworks for Mandatory Roaming and Antenna Tower Site Sharing*, para 34; <http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf10546.html>.

and Telus to avoid investing billions of dollars into their network. Mandated roaming is one of the few policies that mitigates the economic advantage their joint network creates.

### **Research and Development**

31. Rogers fully supports the comments of the majority of interested parties including the Canadian Wireless Telecommunications Association (“CWTA”), Bell, Shaw, Quebecor, Eastlink, and Telus that call for the elimination of the research and development (“R&D”) condition of licence requirement.<sup>47</sup> As the CWTA states, the R&D requirement is an artifact from a previous era.<sup>48</sup> It was implemented when the wireless industry was in an early stage of development where a higher R&D spend would be expected to launch nascent wireless networks. The R&D requirement is no longer appropriate in today’s mature wireless industry where carriers require greater flexibility over investment decisions, including with R&D as seen below. It is telling that no other jurisdiction in the world has implemented a similar R&D requirement attached to spectrum licences.<sup>49</sup> Further, as Shaw and SaskTel note, there is a large administrative burden associated with the gathering, auditing and generating of R&D reports.<sup>50</sup>
32. In its comments, Bell states that in recent years the Canada Revenue Agency (CRA) has changed its rules as to what qualifies as SR&ED spending. As a result, a certain amount of labour and capital expenditures are no longer eligible to be claimed as SR&ED.<sup>51</sup> These CRA changes have made it is even more difficult for wireless carriers, as they can no longer claim certain activities as SR&ED while the 2% revenue requirement itself continues to grow.
33. As a result, Rogers supports calls to eliminate the R&D requirement. At a minimum, Rogers supports Bell’s proposal to reduce the 2% requirement to a lower percentage (Bell provides 1% as an example but even that may be too high).<sup>52</sup> A lower percentage would make it less difficult for licensees to meet the requirement despite the CRA rule changes that limit eligible SR&ED claims. As an alternative, Rogers would recommend the implementation of a cap on the 2% R&D requirement. Once the 2% reaches a certain revenue threshold (for example \$100 million) the licensee’s 2% of adjusted gross revenues is capped at that level and cannot increase. The cap would prevent the R&D requirement from distorting the marketplace and the

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<sup>47</sup> Rogers Comments, para 41; Telus Comments, para 40; Bell Comments, para 17; Shaw Comments, para 61; CWTA Comments, para 7; Quebecor Comments, para 37; Eastlink Comments, para 36.

<sup>48</sup> CWTA Comments, para 8.

<sup>49</sup> CWTA Comments, para 7.

<sup>50</sup> Shaw Comments, para 62; SaskTel Comments, para 54.

<sup>51</sup> Bell Comments, para 17.

<sup>52</sup> Bell Comments, para 19

investment decisions of licensees and thereby free up more capital to invest in the expansion of wireless coverage in remote areas and in 5G services.

### **Annual Reporting**

34. A large number of submissions, including Bell, Eastlink, Quebecor, SaskTel, and the CWTA, propose modification of the annual reporting condition of licence in order to help reduce administrative burdens for both the Department and licence holders.<sup>53</sup> Rogers supports the CWTA's proposed alternative models for reporting requirements: moving to an "as-requested" model, where carriers are only obligated to provide only those documents specifically requested by ISED each year; or, increasing the length of time between the provision of certain reports.<sup>54</sup> Such a move would reduce the regulatory and engineering burden on operators, as well as the Department, while still ensuring ISED can adequately monitor spectrum licensees to fulfill its mandate.
35. Rogers thanks the Department for the opportunity to share its views and participate in this process.

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<sup>53</sup> SaskTel Comments; para 54; Bell Comments, para 27; CWTA Comments, para 9; Eastlink Comments, para 36; Quebecor Comments, para 39.

<sup>54</sup> CWTA Comments, para 10.