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Montreal, 14 November 2005

Mr. Alex Himelfarb  
Clerk of the Privy Council and Secretary to the Cabinet  
Langevin Block, Room 322A  
80 Wellington Street  
Ottawa, Ontario K1A 0A3

**RE: Canada Gazette Part 1, Notice No. DGTP-007-005 – Petitions to the Governor in Council requesting a review of Telecom Decision CRTC 2005-28, *Regulatory framework for voice communication services using Internet Protocol*, 12 May 2005**

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Dear Mr. Himelfarb:

On 28 July 2005, a group of Canada's largest incumbent telephone companies, led by Bell Canada and TELUS, filed a petition to the Governor in Council seeking to reverse the CRTC's above-noted framework decision on the regulation of voice over Internet Protocol (VoIP) services.

On 7 November 2005, you received from the Canadian Cable Telecommunications Association (CCTA), a set of detailed comments and support studies demonstrating the sound analytical and policy foundation for the CRTC's decision and calling upon the Governor in Council to reject the incumbents' petition.

As you are aware, Quebecor Media Inc. (QMI) is an integrated provider of communications services (telecommunications, broadcasting and print) in Quebec and other regions of Canada. QMI's subsidiary Videotron is the largest cable system operator in Quebec, and a recent new entrant to the local residential telephony business by way of a cable-based VoIP service.

QMI is not a member of the CCTA, yet we were consulted upon and contributed to their submission. With this letter, we offer our unreserved support for the CCTA's submission, and we echo the Association's call for the Governor in Council to uphold the CRTC's authority as it sets out to open Canada's last bastion of telecommunications monopoly.

As amply demonstrated by the CCTA, the traditional monopoly telephone companies remain overwhelmingly dominant in local telephony in Canada, particularly in the residential market. Until there is persuasive evidence on the ground that the incumbents have lost their dominance and the conditions for sustainable competition have been achieved, the CRTC is right to maintain certain competitive safeguards in place.

New local VoIP services, while offering some differentiation relative to traditional local telephone services, are indisputably part of the same product market. It is therefore entirely reasonable, indeed obligatory from a competition policy perspective, for the CRTC to apply its general local policy framework to these VoIP offerings.

Accusations from Bell Canada and TELUS that the CRTC does not understand technology or that Canada's local regulatory framework is out-of-step internationally are plainly self-serving and false. The CRTC's VoIP decision was founded upon a coherent and well-informed assessment of the inherent substitutability of local VoIP services for traditional local telephone services.

As for international comparisons, the CCTA submission includes a sweeping refutation of the former monopolies' fear mongering. Canada is a world leader in broadband Internet penetration. If anything, this fact has forced our regulator to get out in front of its international peers in addressing the impact of technologies such as VoIP. As a country, we have no apologies to make in this regard; on the contrary, Canada is in the forefront of tackling the issue of telecommunications competition.

The incumbent telephone companies also complain that the CRTC's VoIP decision prohibits them from competing effectively in the marketplace and impedes them from adopting new technologies. This is nonsense.

The CRTC's VoIP decision places no restrictions whatsoever on the types of technologies and services the incumbents can deploy. It requires only that local VoIP services not be provided below cost or in a manner that targets the customers of new entrants. These are hardly unreasonable restraints to place on companies with 100 years of monopoly at their backs, and a persistent 95%+ market share in the local residential telephone market.

Canadian consumers are best served by a local telecommunications regulatory framework that affords all players (incumbent and new entrant) free reign to compete on service innovation, yet recognizes that certain safeguards are required to protect against anti-competitive action by dominant players. This is precisely what the CRTC's VoIP decision offers.

In short, the incumbents' petition fails on the merits. It has failed to put forward a persuasive case for why the public interest would be served by the Governor in Council reversing the CRTC's VoIP decision.

Even more disturbing, however, is what the petition says about Bell Canada's and TELUS' regard for due process.

The incumbents' petition was launched in an environment where not one, but two, major proceedings were already under way to address their local competition concerns.

First, on 11 April 2005, the Minister of Industry had already announced the creation of a high-profile three-member panel to review the ongoing relevance of the Canadian telecommunications policy framework. The panel was directed to issue its report by the end of the year.

Second, on 28 April 2005, the CRTC had already issued a public notice to establish the criteria for a comprehensive forbearance from the regulation of incumbent local exchange services, with a statement that it intended to issue its decision no later than March 2006.

Rather than focus their efforts on making their case in these proceedings, the incumbents elected to send a message: that whatever may emerge, they will address their concerns directly to the Governor in Council.

The result, in the case of the CRTC, has been a chilled environment characterized by a disturbing new trend to grant rapid concessions to the incumbents, with little or no regard to new entrant concerns or consistency with the overall regulatory framework.

For example, whereas Bell's new Digital Voice Service was granted approval after only one business day of CRTC evaluation, QMI has been told that its substantive concerns regarding the service will require at least four months of study. Similarly, whereas the CRTC has implemented a series of devices to enable expedited, often *ex parte*, approval of incumbent tariffs, QMI's 12 September 2005 request for an expedited investigation into alleged winback violations on the part of Bell Canada has now been outstanding for over two months, with no timeframe offered for a ruling.

Through its blanket recourse to all formal and informal avenues of appeal, and its incessant public denigration of the CRTC's competence and authority, Bell has succeeded in creating an environment where the regulator feels compelled to accede to its wishes without question, and to put aside the concerns of its competitors without consideration.

QMI submits that such an environment cannot be allowed to persist. We call upon the Governor in Council to re-affirm the wisdom of the CRTC's VoIP decision, thereby enabling the Commission to get on with the job of managing the transition to full and sustainable telecommunications competition, for the benefit of all Canadians.

Sincerely,

*(original signed by)*

Édouard G. Trépanier  
Vice-President,  
Regulatory Affairs

cc: Larry Shaw, Industry Canada  
Diane Rhéaume, CRTC  
Michael Hennessy, CCTA  
Petitioners  
Interested Parties PN 2004-2