

**Comments Regarding
Consultation on a Renewed Spectrum Policy Framework for Canada
and Continued Advancements in Spectrum Management**

Industry Canada has presented a number of thoughtful and relevant recommendations in the Consultation paper. Following are a few comments on points which are of direct concern to ABC Communications.

New Policy Guideline 4 mentions the importance of market forces in spectrum allocation. An additional consideration in maintaining a stable environment for spectrum users is the protection of users' investments in that spectrum. Where market forces have dictated the costs of owning spectrum, IC should keep in mind that future modifications to spectrum allocations can undermine these valuations, devaluing investors' existing holdings.

This also bears upon **New Policy Guideline 6**, allowing licensees to plan for the long term through the additional protection of existing investments, protecting the re-sale value of spectrum through open secondary markets.

By making spectrum available at no cost for use in rural and remote areas, as described in **New Policy Guideline 9** and **Question 6**, the investment of spectrum-holders in these areas is effectively damaged. It is true that the development of communication systems in rural and remote areas is vital to economic development and inhibited by cost of deployment. However, it behooves Industry Canada to promote, rather than hinder, the efforts of both small and large enterprise to extend services to ever-expanding areas in Canada. These companies have both the expertise and the desire to create viable, sustainable businesses from customers currently beyond the reach of existing high-speed networks. In rural and remote areas, freely offered spectrum will both damage these companies' investments and remove their incentive to network these areas.

In considering **Questions 19** and **20**, the spectrum holders themselves could be a valuable resource to Industry Canada. According to spectrum holders, the terms rural and remote refer to areas in which the business case for deployment is weak, and no investment is planned in the foreseeable future. In these areas, intervention from Industry Canada would not be considered to be subversive to the holder's investment. In many cases, spectrum holders may be interested in co-operating and partnering with Industry Canada bringing service to these communities in a way which is not anti-competitive to any stakeholder. Indeed, as many spectrum holders are themselves based in the heart of underserved areas, the interests of surrounding communities are important to these businesses.

Industry Canada is right in considering the relaxation of certain operational parameters in rural and remote areas. In particular, while a great deal of equipment developed for the unlicensed bands is inexpensive, and therefore attractive to those investing in these areas, this equipment is also power-limited, preventing the wide-area coverage required. A useful concession would be the relaxation of transmitter power and EIRP in point-multipoint rural unlicensed systems.

A further strategy that Industry Canada might consider, with the aim of increasing rural connectivity, is the release of spectrum in the 450 MHz band. This strategy has been used by other countries with similar rural coverage challenges, such as Finland, Russia and China (using CDMA 450 technology). In choosing how this spectrum could be distributed, ABC would recommend a similar policy to that used in the initial deployment of 3.5 GHz spectrum – availability on a first-come, first-served basis in rural areas. This policy was very beneficial to both ABC and to other small companies willing and ready to deploy systems throughout BC. Such a policy encourages smaller companies to pursue markets which are not of immediate interest to national service providers.

Thank you kindly for the opportunity to express our concerns.

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