

September 7, 2005

Director General, Telecommunications Policy Branch,
Industry Canada,
300 Slater Street
Ottawa, Ontario
K1A 0C8

Dear Mr. Shaw:

**Re: *Canada Gazette* Notice No.DGTP-001-05 – Consultation on a Renewed
Spectrum Policy Framework for Canada and
Continued Advancements in Spectrum management**

The Canadian Wireless Telecommunications Association (CWTA) is pleased to respond to the above noted Notice, and supports the Department's intent to update this important document.

CWTA members participated in the development of the response filed by the Radio Advisory Board of Canada (RABC) and support its conclusions. CWTA would, however, like to highlight a few key issues.

CWTA supports the use of economic principles in the management of radio frequency spectrum. In 2002, the Association submitted comments that continue to apply:

CWTA recognizes that the application of economic principles plays an important role in achieving the Department's mandate to responsibly manage the radio spectrum on behalf of Canadians. As recognized in the Framework, these principles must be weighed against policy, regulatory, technical and operational principles.

CWTA urges the Department to ensure that economic principles are applied equitably to all commercial spectrum users. CWTA notes that, at this time, a small group of spectrum users contribute a disproportionate share of the Department's spectrum revenue. CWTA estimates that Cellular and PCS service providers pay in the range of 50% to 60% of the total spectrum fee revenues collected by the Department. The remaining fees are paid by the remainder of all other licencees. These licensees contribute far less licence fee revenue to the Department than Cellular and PCS licensees, despite the fact that, in the aggregate – and in some cases individually - they have been licensed with far more spectrum.

When the Department has determined no economic rents exist for certain spectrum, licencees remain obliged to reimburse the Department, through licence fees, for spectrum management costs. To ensure a transparent and equitable system, CWTA would

encourage the Department to publish on an annual basis, the spectrum management costs it incurs. This would be consistent with the Canadian Radio-television and Telecommunications Commission's annual publication of Broadcast Fees and Telecommunications Fees as well as the United States Federal Communications Commission's annual publication of its Regulatory Fees.¹

Some RABC members have expressed concern about "total" reliance on market forces and economic incentives for assigning spectrum, but CWTA believes the Department has demonstrated an ability to apply these principles effectively and therefore supports the Department's intention to maximize reliance on market forces and economic incentives to determine who uses spectrum and how much they use.

CWTA urges the Department to be cognizant of the role of economic principles and market forces even when making policy decisions and spectrum allocations for public safety services. CWTA notes that despite a long-held policy of promoting the use of commercial systems for public safety services, the Spectrum Policy Framework contains no recognition of the role commercial carriers can play in the provision of these services.

As the RABC points out, "security/defence and public safety systems are provided by a mix of 'private' (government/agency owned and operated) systems and leased (from commercial vendor or service provider) systems. The priority afforded through this guideline applies to all such systems without regard to ownership²." The Department's approach of applying priority regardless of ownership must be considered for the application of economic principles as well.

CWTA would also like to highlight the RABC comments related to licence exempt spectrum. Licence exempt devices, particularly RLANs, have clearly been successful, but the Department must continue to promote efficient spectrum use through allocations and equipment standards.

CWTA appreciates the opportunity to contribute to the development of a revised Spectrum Policy Framework.

Sincerely,

Electronic filing

J. David Farnes
Vice President
Industry and Regulatory Affairs

¹ CWTA comments to DGTP-004-02, September 30, 2002

² RABC comments to DGTP-001-05, September 7, 2005