

Industry Canada – Radiocommunication Act

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

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**Comments of
Mobilexchange Spectrum Inc.**

September 7, 2005

1. Introduction

Mobilexchange Spectrum Inc. (Mobilexchange) welcomes the opportunity to submit its comments with regards to Industry Canada's Consultation on a Renewed Spectrum Policy Framework for Canada and Continued Advancements in Spectrum Management.

Mobilexchange acquired WNI Networks Inc. in October 2003 and Industry Canada subsequently transferred their spectrum licences to Mobilexchange. Since then, Mobilexchange Spectrum Inc. has been active in promoting the use of its spectrum and portion of its licence where transferred for immediate network deployment and services.

Mobilexchange values the benefits of competition in the provision of telecommunication networks and services. To this end we are taking all measures to facilitate access to our licensed spectrum and would encourage Industry Canada to adopt new policies to promote the full usage of currently licensed spectrum.

2. Spectrum Licenses Should Provide Greater Usage Flexibility

Licensees who have been awarded licenses in an auction process have included a time-value component to their bids based on projected demand and technological advances resulting in certain economic scenarios. This has proved to be advantageous to Canadians by increasing the value of licences and reducing the cost to manage this portion of the spectrum. Variance from those assumptions create either better than or worse than expected network deployments and spectrum usage. Worse than expected developments in demand and other economic factors result in under-deployment of networks and services and a less than optimal usage of spectrum. Hence, transferability and divisibility privileges are important to increase spectrum usage as other carriers or service providers who did not participate in the auction process, later wish to implement wireless services but would otherwise be barred from efficiently deploying their networks. However, the current process of transferability and divisibility requires Industry Canada to qualify the applicant in the same way that is required for other types of spectrum provisioning, e.g. FCFS, in the same or other frequency bands.

Accordingly, we would like to recommend that the qualification of spectrum users within a licensee's spectrum should be managed by the licensee.

To increase spectrum usage in the licensed areas, the licensee should have the privilege to lease its spectrum to third parties meeting standard qualification criterion contained in the relevant Acts and regulations. Spectrum management and responsibility would remain with the licensee and enforceability of Industry Canada's directives would be passed on to the lessee. This added flexibility would greatly favor the usage of licensed spectrum while preserving spectrum in other bands under Industry Canada's management.

Furthermore, Industry Canada should promote the use of all licensed spectrum before issuing new licenses in the same or other bands, unless required for international coordination purposes.

To this end, we would like to recommend that licensees should have the obligation to lease their unused licensed spectrum unless they can assure that the spectrum is required for their own use prior to the prescribed spectrum usage implementation deadline.

Auctioned spectrum licensees have made important upfront multi-year licence fee payments for the licensed spectrum blocks. In addition, auctioned spectrum licences are associated with a number of conditions, including spectrum usage deadlines. Those who are granted spectrum blocks following a comparative process (i.e. without upfront licence fee payment) do not have the same financial pressures on spectrum usage. If spectrum availability was unlimited, one could infer that auctioned spectrum licensees are at an unfair economic and competitive disadvantage compared to other licensees. Hence, licensees that have not made upfront financial commitments for spectrum blocks (i.e. licence fees), should be prevented from having unused spectrum resources.

We would like to recommend that licensees with spectrum granted following a comparative process should not be given transferability, divisibility or lease privileges and should be required to return unused spectrum to Industry Canada.

3. Spectrum Licenses Should Provide Greater Application Flexibility

The current privileges are defined for a specific application or a complementary set of applications. As technological advances are made and demand for various type of services evolve, radio equipment different from those originally anticipated could provide better means of meeting requirements. Management of spectrum usage efficiency should be a responsibility conferred to the licensee. The licensee should be required to meet border conditions as to interference into other bands or areas. Permitted use of the spectrum within the licensed band and/or area would be best defined in terms of spectral efficiency then in terms of link or service types. We fully support the Department's objective to coordinate the intended use of spectrum for international coordination, access to technology, equipment and services at prices advantageous to Canadians. However, licensees who have acquired spectrum blocks in an auction process, should be permitted to use the spectrum at their discretion as long as border conditions are met.

We would like to recommend that the permitted use of the licensed spectrum be defined based on spectral efficiency and border interference conditions.

4. Conclusion

In summary, Mobilexchange Spectrum Inc. kindly submits several recommendations with the common goal of promoting greater spectrum usage. Those are as follows:

- *The qualification of spectrum users within a licensee's spectrum should be managed by the licensee.*
- *Licensees should have the obligation to lease their unused licensed spectrum unless they can assure that the spectrum is required for their own use prior to the prescribed spectrum usage implementation deadline.*
- *Licensees with spectrum granted following a comparative process should not be given transferability, divisibility or lease privileges and should be required to return unused spectrum to Industry Canada.*
- *The permitted use of the licensed spectrum be defined based on spectral efficiency and border interference conditions.*

We would like to thank Industry Canada for the opportunity to provide input to this consultation process, and we hope you will find our comments helpful.