

# IAN C. JOHNSON

1 March 2000

Industry Canada

Dear Sirs:

**Re: "Comments - Canada Gazette Notice DGRB-018-99"**

Thank you for the opportunity for public comment on this matter.

My own perspective is simply that of a taxpayer and, more importantly, a cellular user living in a rural area. In reviewing previous calls for comments on other matters, it is apparent that input seems to come mainly from the existing operators. However, it is us the end users of the system, the ones at the bottom of the cellular food chain, who ultimately form the foundation for the entire system. I would encourage Industry Canada to seek out and consider our opinions by making cellular users aware of its existence and purpose. I will attempt to respond to the various questions you have posed, but first let me say as a taxpayer that I support the idea of an auction of radio spectrum for commercial use. I believe it will set a fair price for that precious part of the spectrum that is to be licensed.

**How would the public interest be served by limiting the eligibility of potential applicants?**

I would submit that there should be some limitations on the eligibility of applicants. I understand that in the United States there has been some difficulty after similar auctions with applicants who default on their bids and/or other obligations in implementing a system that uses the spectrum that they have licensed. Bidders who do not have the resources to use the spectrum in a timely manner and to its full potential should be avoided. This would, unfortunately, imply some means test, but it is certainly in the public interest to have the spectrum that is licenced used quickly and fully. While the four existing operators will undoubtedly wish to acquire further spectrum, new players, particularly smaller entities to serve smaller markets, should be encouraged – provided that they meet some reasonable means test. There are still areas of this country that are un-serviced or under serviced. Smaller operators can and should be licensed to fill the holes in service provided by the major operators.

**Should a certain amount of spectrum be reserved only for new entrants?**

I would support Industry Canada in any initiative that would bring new entrants into the marketplace as operators, particularly in rural areas. I would encourage Industry Canada to reserve some part of the spectrum exclusively for new entrants.

**Should existing operators who are not in compliance be eligible?**

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In a word, no. I would submit that it is greatly in the end users' interest to only allow bidding by existing operators that are in reasonable compliance with their present licence requirements. While I recognize that some operators, particularly those who have recently offered service in Canada, may not be in compliance with their licences due to the financial realities of starting a national service or for technical reasons that may be difficult to address, it is certainly in the interest of the end users and the public at large to insist that any operator who is not in compliance should not be eligible to participate in the auction. I would encourage Industry Canada to require compliance by proposed applicants, provided that their existing licensing requirements are fair and reasonably attainable.

**What other factors are relevant to the eligibility to participate?**

As already noted, financial stability is paramount to eligibility, as is a reasonable plan to implement service after being a successful bidder. An innovative approach to solving the problem of lower levels of service in rural and under serviced areas might also be considered as a factor for eligibility. I would encourage Industry Canada to consider smaller bidders to service smaller under serviced areas in the country. Not everyone needs to be a national player.

**Should national or regional spectrum blocks be available?**

Again, I would encourage Industry Canada to give consideration to regional blocks being made available to encourage the development and growth of smaller players serving under serviced areas.

**If former Mobility Canada licensees were eligible to bid for additional spectrum would it be desirable to require them to serve all of Canada?**

I would submit that such licensees should not have to service all of Canada. I would encourage more regional growth of such licensees particularly those who would service rural areas with full service similar to that found in the metropolitan areas.

**If spectrum is allocated strictly for new entrants, would it be desirable to require them to serve all regions of Canada?**

I am uncertain of the technicalities of allocation of spectrum on a regional basis, particularly whether it is possible to licence the same spectrum in adjacent regions, but I would encourage Industry Canada not to require new entrants to offer service nationally. I would submit that it would be a considerable discouragement to new entrants, particularly smaller bidders, to be required to serve all of Canada. The national operators have, by and large, serviced the major populated regions of the country in a reasonable manner. While choice of service for the cellular user living in the metropolitan areas is reasonably good, for rest of us, choices are often limited and thus regional operators serving areas outside the densely populated areas of Canada are to be encouraged. I recognize that the amount of capital investment for any new operator is daunting and yet, with some innovation, certainly it is possible for smaller operators to prosper on a strictly regional basis. The only caveat would be that the handsets offered by the smaller players are operable at a reasonable cost outside the home area.

**If no spectrum is specifically allocated for new entrants, would it be desirable for new entrants to serve all regions of Canada?**

Again I would discourage any requirement for any new entrant to offer national service for the reasons noted above.

**General comment about research and development.**

I would encourage Industry Canada to do all in its power to require more basic research and development by the various licenced operators. This country is a leader in telecommunications and we should be doing all in our power to remain on the cutting edge of such technology by encouraging and requiring more research and development in the area of wireless communications.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Ian C. Johnson', written in a cursive style.

IAN C. JOHNSON