March 16, 2004

<u>BY E-MAIL</u>: wireless@ic.gc.ca
<u>and EXPRESS MAIL</u>

Manager, Mobile Services
Telecom Policy Branch
Industry Canada, 1064A
300 Slater Street
Ottawa, Ontario K1A 0C8

Re : **Canada Gazette, Part I, October 10, 2003, *Consultation on Spectrum for Advanced Wireless Services and Review of the Mobile Spectrum Cap Policy*, Notice DGTP-007-03**

To whom it may concern:

It has come to our attention that some members of the general public have been experiencing difficulties accessing from the Industry Canada website one of the documents submitted by Microcell Telecommunications Inc. as part of our March 1, 2004, comments on the above-mentioned consultation. We refer specifically to the Executive Summary of the Lemay-Yates Report included at Schedule A of our comments.

To ensure a full public reporting of the Lemay-Yates conclusions, we would appreciate if you would post the current letter with our March 1 submission. Please note that all of the material contained in this letter is present in the Lemay-Yates Executive Summary as submitted on March 1, but again, was inaccessible to some.

The following are excerpts from the Lemay-Yates Executive Summary:

> *"The number of mobile operators active in a country has a significant positive impact on the development of the overall market and therefore on industry dynamics. A comparison of subscriber additions before and after the launch of new operators in countries with similar economic characteristics as Canada demonstrates a strong relationship between subscriber growth and number of carriers." (page II)*

> *"Focusing on consumers, messaging and data services as well as wireline replacement are key drivers of growth and are reshaping mobile markets worldwide. LYA forecasts that these trends will result in an increase in penetration from the current 12 million to 21 million by year-end 2008 and close*

to 24 million by year-end 2012, leaving substantial room for each of the four mobile carriers to expand and thrive.

LYA also estimates that the usage of mobile services will increase significantly as new services and applications are being introduced in the Canadian market. As an example, LYA estimates that text messaging in Canada could increase by at least a factor of 10 over the next few years, from the levels achieved at the end of 2002." (page III)

"[I]ncreased ARPU and usage in the US developed in parallel with significant increases in competition among key US cities as more than 20% of the US population is now served by 7 mobile service providers or more. To carve their niche among such strong competitive rivalry, US mobile carriers started to aggressively compete with wireline service offerings and promoting pricing packages with strong stimulation of usage that focused on the consumer segments. This has spurred substantial innovation and segmentation in service offerings, which generated higher ARPUs for the industry, contrary to expectations from the result of increased competitive rivalry.

The key point from this analysis is that increased competition, such as is the case with 4 service providers versus 3 or 7 versus 5, does not necessarily lead to lower ARPUs." (page IV)

"Another key element of this discussion relates to the packaging of mobile services. The revenue generation impact of packages of mobile services can not be assessed by a simple calculation of price per minute consisting of total monthly price divided by total minutes included. And what may appear to be the lowest calculated price per minute does not necessarily mean that the carrier will experience a low ARPU since a host of other factors come into play, including subscriber mix and consumer behaviour." (page V)

Trusting this is satisfactory, we remain,

Yours very truly,

Microcell Telecommunications Inc.

(SGD) Dean Proctor

Dean Proctor
Vice President, Regulatory Affairs

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