

February 28, 2011

Manager, Mobile Technology and Services

Industry Canada

300 Slater St.

Ottawa, Ontario,

K1A 0C8

Subject: Canada Gazette Part I, December 4, 2010, Notice SMSE-018-10: Consultation on a Policy and Technical Framework for the 700 MHz Band and Aspects Related to Commercial Mobile Spectrum

1. The Canadian Cable Systems Alliance (CCSA) represents over 110 small independent cable companies operating in every province and territory of Canada. These companies operate over 1,100 cable systems serving thousands of small communities, mostly in remote and more rural centres of Canada.
2. While many CCSA member companies are not in a position to directly participate in the spectrum auction or to undertake the investments required to launch and operate a wireless service, they and the Canadians they serve have a strong interest in advanced wireless services. Nevertheless some of our larger companies or groupings of smaller companies serving the same region may in fact be able to offer wireless services if the conditions to do so are set favourably for this auction.
3. Many of Canada's smaller communities experience poor quality wireless services today and a surprising number have no service at all. This is largely because the three existing national wireless companies have not been able to justify the additional investments to upgrade services in these areas or to make such services available at all. While the new entrants who

have launched since the last spectrum auction may eventually show some interest in these rural areas, all are currently focusing on the large urban centres.

4. The 700 MHz spectrum is ideally suited to the deployment of wireless services in rural areas because fewer towers are required to serve an area and rural areas tend to be very large. The efficiencies resulting from the use of the 700 MHz spectrum could make the difference in launching a regional service and supplying service to rural Canadians.
5. Independent cable companies are interested in finding ways to offer wireless services to their customers but they have not been able to find an economical way to do so. This is true, in part, because none of the existing national providers have been willing to partner with CCSA Member Companies to offer service. Resale of the national services under uneconomic models does nothing for either CCSA Members or their customers. The end result is that while their competitors offer service bundles that include wireless, small cable companies have no such option.
6. CCSA and its Member Companies favour more competition in the wireless marketplace. A new entrant or entrants may well be more open than the larger incumbents to partnerships with small cable companies that possess tower sites, towers and other infrastructure that could be used to improve or launch service in the communities in which those companies operate. Ideally, new entrants would be willing to offer a “white label” service that could be locally branded by the smaller cable companies and included in their bundled service offerings.
7. Consumers served by CCSA Members would then be able to benefit not only from improved locally supported service but, also, from the discounts inherent in bundled offers.
8. CCSA submits that specific measures are required in the structure of this auction to increase competition in the Canadian wireless market and to improve service to rural areas. Consolidation has resulted in the three large national providers who, while competitors, work

closely together because of arrangements for roaming and the sharing of infrastructure. The wireless market is extremely profitable for these companies and, given the combination of Canada's lower wireless penetration compared to many other countries and the demand for new advanced services, these companies already have considerable growth potential.

9. It is in the business interests of such large companies to purchase any new spectrum available, whether or not they have immediate needs for the spectrum: they have the resources to do so. A new entrant will lack similar resources and, without specific measures to encourage competition, there will be no new national or even regional entrants, or at least any who survive for very long.
10. As in the previous auction, designating spectrum for competing bids from new entrants is the most direct way to ensure that new entrants have an opportunity to participate in the auction and to have any real prospect of success.
11. CCSA believes that fully 50% of the 84 MHz made available for the spectrum auction in the 700 MHz band should be set aside for recent new entrants or other participants in this auction who do not currently operate wireless services. CCSA also recommends that, should the set aside result in unsold spectrum, such unsold spectrum should be retained for at least three years to give the market time to evolve before it is auctioned off again.
12. The three current national providers have managed to conclude national roaming arrangements amongst themselves. Such arrangements are absolutely essential to ensure the efficient use of spectrum and infrastructure and to deliver the highest quality service to consumers. There is a danger, however, that a new entrant, even if able to secure spectrum, will not be able to negotiate such arrangements: this would not be a negotiation among equals. In fact, without roaming agreements in place, a small regional provider will be in a position to offer only a very restricted service.

13. For those reasons, CCSA submits that, in the interests of fostering competition, roaming arrangements must be mandated rather than left strictly to negotiations.
14. CCSA believes that any of its Members who decide to compete for spectrum will be interested primarily in regional or small area licenses. For this reason CCSA supports the creation of smaller tiers that separate rural from urban areas to allow smaller players to specifically offer service to rural customers. CCSA would also recommend that the existing national incumbents not be permitted to bid on these rural tiers.
15. Although Industry Canada's discussion paper did not specifically address the issue of tower sharing, we do believe that tower sharing, at reasonable rates, should be mandated. It is becoming more and more difficult to obtain approval to construct such facilities and a new competitor would find itself at a great disadvantage if it could not do so. In addition, facilities sharing is, quite simply, an efficient use of critical infrastructure. If partnering arrangements can be negotiated with either a new or existing provider, CCSA Member Companies may, in fact, be able to provide tower sites and other facilities to improve wireless coverage in their serving areas.
16. Nevertheless, to promote durable competition, new entrants should have to build and rely upon a certain amount of their own infrastructure and they should be required to put such infrastructure in place within a specified time frame.
17. With respect to the current foreign ownership restrictions for telecommunications companies in Canada, CCSA believes they should be relaxed. Wireless is a very capital intensive business and it is difficult, particularly for smaller companies, to access the amount of capital required to make the investments necessary to launch wireless services.
18. Canadians who live in smaller, more rural communities need improved access to wireless services. CCSA member companies can be part of the solution but the auction for the 700 MHz spectrum must be structured correctly to allow this. Spectrum set sides, rural tiers, infrastructure sharing arrangements and affordable spectrum are the keys to making this

possible. Fostering a more competitive environment in the wireless sector that encourages entry by new entrants and the creation of partnerships with providers of other local services, is the recipe for success.

19. CCSA fully supports the Government's proposals to encourage such competition.

Respectfully submitted,



Christopher J. Edwards

Vice-President, Corporate & Regulatory Affairs

*****END OF DOCUMENT*****