

June 18, 2002

Honourable David Collenette P.C., M.P.
Minister of Transport
Place de Ville, Tower "C"
330 Sparks Street, Floor 29
Ottawa, Ontario
K1A 0N5

Dear Minister Collenette:

Re: Wireless Communications at Toronto's Lester B. Pearson International Airport

I am writing today on behalf of Canada's four major wireless carriers – Bell Mobility, Microcell Telecommunications, Rogers AT&T Wireless and TELUS Mobility (the wireless carriers). The situation I wish to bring to your attention relates to a dispute concerning the rent levels, applicable to the placement of public and private wireless communications facilities, at Lester B. Pearson International Airport (LBPIA). Unfortunately, I have to report that the Greater Toronto Airports Authority (GTAA) issued a news release on Monday, June 17, 2002, in which they indicated that negotiations have broken-off.

We were extremely disappointed by the apparent decision of the GTAA to terminate negotiations, which the wireless carriers learned of only through the press release. All the more surprising, the decision followed closely on the heels of the most recent proposal by the wireless carriers, submitted to the GTAA only on Friday, June 14, 2002. Let me assure you that the wireless operators hope to continue to negotiate in good faith with the GTAA to ensure continuous wireless coverage to our customers and the 28 million travelers who work at and use the airport each year.

Presently, the GTAA will require that wireless carriers begin to turn off their in-building equipment at LBPIA as their leases with the GTAA expire. We currently have approximately \$8 million worth of wireless equipment at the airport. The turn-off of this equipment is to begin occurring on July 1, 2002; indeed, wireless carriers have already received written notification from the GTAA to this effect. The consequences of turn-off would be significant both to the travelling public and to key government agencies.

First, in Canada's largest airport and one of its key international aviation gateways, there is a strong possibility of significant service degradation to the general public at the airport due to reduced wireless coverage. In fact, in parts of the airport, the public will no longer be able to use their wireless phones. Second, there are specific federal agencies that will experience a disruption in service to the wireless services they use at the airport, because certain of these services are largely dependent on in-building facilities.

While we are concerned about any disruption or reduced quality of service to any of our customers, we are particularly alarmed about disruptions to wireless services for agencies involved with public safety and security at LBPIA. In particular, we are concerned over services provided to Citizenship and Immigration Canada, Canada Customs and Revenue Agency (including both the Intelligence division and the Food and Drug division), and the Royal Canadian Mounted Police. We are also aware that Peel Regional Police and other public safety agencies routinely use our services as their secondary means of communications at the airport.

Our concern regarding the fate of wireless communications at LBPIA is underscored by the recent and unprecedented direct collective intervention by the presidents of the wireless carriers into a matter of this nature. On May 16, 2002, three of the four presidents met with the President and CEO of the GTAA. This meeting garnered an extension of one month to the previously GTAA imposed deadline of May 31, 2002.

The current impasse with the GTAA is extremely disconcerting to the wireless carriers. We believe that the failure of the two parties to negotiate a settlement is due, in part, to the de facto monopoly that the GTAA has in the provision of space within the airport terminals. This in turn creates an opportunity for the GTAA to make every effort to extract excessive rents from the wireless carriers, without due concern to the negative impact this could have on the travelling public and essential services at the airport. In our case, no other options exist but to place equipment within the airport terminals if we are to provide thorough in-building coverage to our customers and the airport's clients.

We find the stance taken by the GTAA concerning wireless communications at LBPIA to be an unacceptable and undesirable outcome of the National Airport Policy. Clearly it would be in the public interest for the government to regulate or control the attempts by the GTAA to extract excessive rents from the wireless industry.

The wireless carriers are aware of the construction of the new terminal at LBPIA and of the desire of the GTAA to install the most advanced communications infrastructure. Indeed we support this effort and see it as consistent with the Government's overall airport policy. The wireless industry is prepared to invest in the modernization of wireless equipment at LBPIA. Consistent with these goals, we believe the GTAA should be encouraging capital investment at the LBPIA, rather than making every effort to extract excessive rents.

We are concerned by the inconsistencies between the actions of the GTAA with respect to wireless communications and the messages from both the GTAA and the Government regarding the transformation of LBPIA into a leading gateway. The Government and the GTAA have stated publicly that LBPIA will be one of the most advanced international aviation facilities, yet the actions of the GTAA threaten the viability of providing wireless telecommunications services to the public at the airport. In our view, LBPIA will not fulfill the promise of becoming the most advanced international aviation facility, without the installation of modern in-building wireless communications.

The repeated actions and threats by the GTAA to order the removal of existing in-building wireless facilities serve no useful purpose, apart from advancing very self-serving arguments. The GTAA has chosen to not terminate the leases for a limited number of analogue systems that the GTAA itself is using (notably for construction of the new terminal). The GTAA has thus taken action to ensure that its own communications needs are not disrupted, while knowingly reducing coverage to the travelling public by ordering the removal of wireless equipment.

Finally, we would note that there is no pressing need for the GTAA to remove existing wireless communications equipment from Terminals 1, 2 and 3 at LBPIA. The existing leases for equipment in those terminals represent a significant revenue stream to the GTAA. On the other side of the equation, there would be a tremendously disruptive impact to the travelling public, various government agencies and the wireless carriers themselves by such precipitous action.

Minister, as the landlord of the airport and in light of the high probability of the disruption of public and private wireless services at LBPIA in the very near future, the wireless carriers feel they have a responsibility to make you aware of this development. We may require your intervention in this matter to ensure the continued availability of wireless services at LBPIA. In the meantime we would ask that your Department continue to closely monitor this very serious situation which threatens to impact and disrupt the provision of wireless telecommunications service to the public as well as to government agencies, including those tasked with security responsibilities at the airport.

The background leading to the current impasse between the GTAA and the wireless carriers are appended to this letter. If you or your officials require further information, please do not hesitate to contact me.

Sincerely,

Peter Barnes
President & CEO
Canadian Wireless Telecommunications Association
(CWTA)

Appendix

cc: Honourable John Manley, Deputy Prime Minister, Minister of Finance and
Minister of Infrastructure
Honourable Allan Rock, Minister of Industry
Mr. Louis Turpen, President and CEO, GTAA
Mr. George Cope, President and CEO, TELUS Mobility
Mr. Nadir Mohamed, President and CEO, Rogers Wireless Inc.
Mr. Michael Neuman, President and COO, Bell Mobility
Mr. Alain Rhéaume, President and CEO, Microcell Telecommunications
Mr. Louis Ranger, Deputy Minister of Transport
Mr. Ronald Bilodeau, Associate Secretary to the Cabinet and
Deputy Minister to the DPM
Mr. V. Peter Harder, Deputy Minister of Industry

Appendix

Background Facts

In January 2001, the GTAA tendered an RFP for what it calls "Managed Wireless Services". We understand this to be a solicitation for a third-party vendor to install wireless communications infrastructure on the airport grounds, which would then be owned and controlled by the GTAA.

In the spring 2001, GTAA presented to each wireless carriers separately, its plans for the Managed Wireless Services.

In November 2001, the GTAA re-tendered with modifications its original RFP.

In December 2001, the GTAA presented to each wireless carrier separately its plans for a wireless system it called "Neutral Host" wireless services. We understand Managed Wireless Services and Neutral Host wireless services to be the same concept.

In January 2002, the GTAA made another presentation, this time collectively to all of the wireless carriers. Following this presentation, the wireless carriers and the GTAA discussed various technical requirements and ownership options of any new wireless infrastructure to be installed at the airport.

As at the end of February 2002, some of the lease terms at the airport expired and the leases moved to a month-by-month position with appropriate overhold positions.

In March 2002, agreement in principle was reached concerning the technical requirements of the new wireless infrastructure and the ownership of said infrastructure. Negotiations continued regarding appropriate rents.

Also in March 2002, the leases that had expired, or were soon to expire, were granted short-term extension until the end of May 2002.

In April 2002, wireless carriers presented their position to the GTAA concerning appropriate rent levels. Negotiations hit an impasse shortly after this presentation.

On May 10, 2002, wireless carriers received formal notification of termination of most of the existing leases at the airport – as of May 31, 2002 (with equipment to be removed within 30 days).

On May 16, 2002, at the request of the wireless carriers, an emergency meeting occurred between the Presidents of three of the wireless carriers and the President and Chief Executive Officer of the GTAA.¹ At this meeting, the wireless carriers were granted another lease extension of another 30 days (i.e. until June 30, 2002). Formal extension letters were received on May 17, 2002. Negotiations regarding appropriate rent also resumed at this time.

On June 14, 2002, the wireless operators submitted another proposal to the GTAA.

¹ Participating at the meeting were Mr. George Cope, President & CEO of TELUS Mobility, Mr. Nadir Mohamed, President and CEO of Rogers Wireless Inc., Mr. Michael Neuman, President & COO of Bell Mobility and Mr. Louis A. Turpen, President and CEO of the GTAA.

On June 17, 2002, the GTAA issued a media release in which they indicated that negotiations had broken-off.

On June 17, 2002, subsequent to the GTAA media release, the CWTA issued a media response on behalf of the wireless carriers.

Bcc: Mr. Michael Binder, Industry Canada
Mr. Anthony Polci, Transport Canada
Mr. Carl Olsen, Industry Canada
Ms. Heidi Hulan, Industry Canada
Mr. Tel Matrondola, Office of Deputy Prime Minister