



2001-07-12

Director General, Radiocommunications and Broadcasting Regulatory Branch
Industry Canada,
300 Slater Street,
Ottawa, Ontario,
K1A 0C8.

Dear Mr. Skora:

CWTA Comments - *Canada Gazette* Notice No.DGRB-006-01 – Consultation on the Auction of Spectrum Licences for Wireless Communication Services in the 2300 MHz Band and Fixed Wireless Access in the 3500 MHz Band

The Canadian Wireless Telecommunications Association (CWTA) and many of its members participated in the development of the response to this Notice submitted by the Radio Advisory Board of Canada (RABC). CWTA supports the RABC submission.

CWTA wishes to emphasize its concerns about the timing of a number of events associated with the auction. Specifically, the Association is concerned with the length of the qualification process. CWTA is also concerned about the timing associated with the implementation of service requirement.

In the case of the two previous auctions, the length of time for the qualification process to be completed has been unacceptably long despite the expectations of the Department for an “expeditious” process. In light of this actual experience, and given the expectation that delays in qualification will continue, the CWTA encourages the Department to seek remedies to this situation.


The current lengthy qualification process is unacceptable to the industry primarily, but not exclusively, because of the significant interest charges incurred by the auction winners on the monies borrowed in order to purchase the licences. This interest must be paid while, at the same time, use of the spectrum is prohibited. Payments are made and access to spectrum is denied until the qualification process concludes and the licences are issued. The lengthy process also runs counter to sound spectrum management practices because it slows the speed at which the spectrum is made available and put to use - something with which the industry is also concerned.

CWTA is also concerned with aspects of the proposed implementation of service requirements contained in the consultation. CWTA recognizes the Department has attempted to create, as it has in previous auctions, a flexible process to measure compliance with this condition and encourages the Department to maintain this approach. Experience to date in the fixed wireless sector suggests that many carriers are facing difficulties in rolling out services in advance of “must use” triggers contained within the licences. Moreover, licensees who obtained their licences in processes other than auctions are similarly facing roll-out difficulties. In this regard, CWTA notes that a protracted qualification process hampers the ability of a licensee to meet its implementation of service obligations, as the condition is tied to the close of the auction, and not to the final issuance of the licence.

As a result of the concerns address above, CWTA requests that the Department specifically outline the measures and processes it will take to ensure that the qualification process for the upcoming and subsequent auctions will occur in a timely manner.

Additionally, the CWTA recommends that the Department pursue alternatives to rigid and inflexible rollout requirements. Flexibility must be provided, such that carriers are not held accountable to factors beyond their control. In this regard, any implementation of service timelines should be tied to the final issuance of the licence rather than the close of the auction. Any alternative, however, should encourage the efficient and responsible use of spectrum and should not entirely excuse a carrier from service requirements. The CWTA is concerned that the elimination of service requirements may encourage inaction or possibly lead to anti-competitive behaviour. Alternative approaches must balance the objectives of flexibility and the efficient and responsible use of spectrum.

Sincerely,

A handwritten signature in black ink, appearing to read "J. D. Farnes", is written over a light blue horizontal line. A vertical line is drawn to the right of the signature, extending from the top of the line to the bottom of the signature.

J. David Farnes
Vice President
Industry and Regulatory Affairs