December 6, 2013

Mr. Marc Dupuis  
Director General  
Engineering, Planning and Standards Branch  
Industry Canada  
235 Queen Street  
Ottawa, ON  K1A 0C8

Re: Consultation on Decisions on the Licensing Framework for Fixed-Satellite Service (FSS) and Broadcasting-Satellite Service (BSS), Implications for Other Satellite Services in Canada, and Revised Fee Proposal, November 2013, SMSE-006-13

Dear Mr. Dupuis:

The Satellite Industry Association (“SIA”) and the Global VSAT Forum (“GVF”) hereby submit these comments in response to Industry Canada’s Decisions on the Licensing Framework for Fixed-Satellite Service (FSS) and Broadcasting-Satellite Service (BSS), Implications for Other Satellite Services in Canada, and Revised Fee Proposal (SMSE-006-13). SIA and GVF welcome the opportunity to submit comments on Industry Canada’s Revised Fee Proposal.

Background

SIA is a U.S.-based trade association providing worldwide representation of the leading satellite operators, service providers, manufacturers, launch services providers, and ground equipment suppliers.¹ GVF is a leading voice of the international satellite community, comprising more than 200 members from every major region of the world.²

¹ For more information on SIA, including a list of members, please visit the association’s Web page at www.sia.org.

² For more information on GVF, including a list of members, please visit the association Web’s page at www.gvf.org.
Discussion

The satellite industry provides invaluable advanced communications services to Canadians no matter their geographic location. According to Canada’s most recent census, more than 6.3 million Canadians live in rural areas. Canadians who reside in rural or remote areas often remain underserved by terrestrial communication companies due to restrictive terrain and network development costs. Nonetheless, FSS and BSS satellites continue to deliver reliable high speed broadband internet and other critical communication services to large areas of Canada’s magnificent expanse. As stated by the Canadian Space Agency, “communications satellites are the most economical way to connect Canadian communities, even the most remote, with advanced services needed to compete in the global knowledge economy.” Canadians in all localities experience the benefits of broadband technology due to regulations that stimulate investment by the satellite industry.

SIA and GVF commend Industry Canada’s efforts to improve its licensing and fee regime as part of the Department’s overall decision on the licensing framework for FSS and BSS satellites. However, Industry Canada’s proposal to establish a per MHz fee based on spectrum for all FSS and BSS satellites creates a regulatory regime that penalizes satellite operators and users of satellite capacity, and will adversely impact Canadian consumers by inhibiting further expansion of next generation satellite technologies. Therefore, SIA and GVF urge Industry Canada to consider an alternative approach to setting regulatory fees for satellite and earth station licensing.

Specifically, SIA and GVF recommend that Industry Canada set FSS/BSS regulatory fees solely on a flat fee that is cost-based on the resources required by Industry Canada to process and maintain the satellite license. While satellite operators use different amounts of spectrum to meet their mission requirements, the work done by Industry Canada in the processing of any satellite is comparably the same and can be easily quantified. Unlike a


cost-based fee, a per MHz spectrum fee could result in the perverse effect of penalizing satellite operators that require high use of spectrum. In cases such as this, satellite operators would be penalized for achieving the results that Industry Canada has stated are an important policy goal in its spectrum management.

Spectrum-based regulatory fees will also penalize satellite operators that attempt to bring more capacity to rural areas. Satellite operators that are likely to be assessed the highest fees under the proposed regime are those that are deploying newer generation high throughput satellites (“HTS”) that will bring broadband to rural locations throughout Canada. These satellites are designed to make extensive use of bandwidth in order to maximize the throughput of the satellite. Instituting a spectrum fee that is based on bandwidth places satellite operators at a competitive disadvantage with terrestrial operators in markets where both provide broadband services. Furthermore, in rural and underserved areas where satellite technology is the only option to equalize the digital divide, the proposed fees will either unhinge the case for its deployment or cause these services to be beyond the financial reach entirely of Canadians who live and work in these communities.

Through adoption of a cost-based flat fee, Industry Canada can ensure that spectrum licensees are not unjustly penalized for implementing innovative spectrum efficiency technologies. Moreover, this approach encourages further investments by the satellite industry in broadband solutions by providing a transparent, rational regulatory cost structure that does not impair the ability to make critical business decisions. The satellite industry’s continued investment in Canada is in consonance with Canadian Government’s longstanding policy objective of “ensuring that broadband [is] available in every Canadian community.”

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Conclusion

In conclusion, SIA and GVF urge Industry Canada to adopt a cost-based regulatory fee approach for FSS/BSS satellites. Such an approach will ensure that Canadians have access to the most efficient and advanced satellite technologies.

Yours very truly,

Patricia Cooper
President
Satellite Industry Association

Bruce Olcott
Chair, Regulatory Working Group
Global VSAT Forum