

**DAVE COLES**

President / président

June 1, 2012

The Right Honourable Stephen Harper  
Prime Minister of Canada  
House of Commons  
Ottawa, ON K1A 0A6  
[stephen.harper@parl.gc.ca](mailto:stephen.harper@parl.gc.ca)

Dear Prime Minister Harper,

I am writing to express my opposition to proposed reforms to the Telecommunications Act allowing foreign-controlled corporations to buy telecom companies holding up to 10 percent of the Canadian market. This amendment included in the omnibus budget (Bill C-38) currently before parliament will negatively affect Canadian workers, security and culture. Foreign ownership of telecommunications is much too important to be rushed through Parliament as part of the budget without a proper debate.

There is only a limited amount of spectrum (airwaves) band for telecommunications providers so foreign companies will come not to compete but to take over existing companies. History shows that mergers and acquisitions generally benefit bankers, lawyers and corporate giants, while employees pay for these transactions through 'downsizing', 'rightsizing' and 'synergies' – in other words, unemployment. During the past two decades of liberalization in the Canadian telecom sector thousands of jobs have been lost, which has worsened service.

Any new foreign company will be headquartered elsewhere and if they buy up small Canadian carriers they would transfer the administrative, legal and regulatory functions to the new owners' existing corporate structures. Most likely, any research and development would also be moved outside of Canada. While these operating efficiencies may be desirable from a particular corporation's perspective, decreasing employment means fewer Canadians with taxable income. Sending jobs offshore is not good for Canada.

Currently, under the Telecommunications Act companies have a responsibility to strengthen and safeguard Canadian culture. With the separation between Internet, phone, music and the broadcasting industry disappearing, allowing foreign ownership in telecommunications will pave the way to foreign ownership in broadcasting. This will undermine Canadian cultural content.

Foreign control over telecoms risks national security as well as personal and other confidential information. As you may know Public Safety Canada privately warned Industry Canada that your plan to open the sector up to foreign telecom providers poses a "considerable risk" to national security. According to a Feb. 25, 2011 letter marked "secret" that Daniel Lavoie, a senior official with Public Safety, sent to Industry Canada, "The security and intelligence community is of the view that lessening

or removing restrictions from the Telecommunications Act, without implementing mitigation measures, would pose a considerable risk to public safety and national security.”

In addition to concerns about jobs, national security and Canadian culture, you should consider the democratic will. Surveys consistently demonstrate that Canadians oppose foreign ownership of the country’s communications system. An April 2010 Harris/Decima survey found that most Canadians opposed foreign ownership of Canadian telephone, cable and media companies while a February 2012 poll found that 77% of Canadians see domestic media companies as too important for cultural and security reasons to allow them to be controlled by foreign interests.

There are problems regarding service and cost in telecommunications that your government should tackle. But, allowing foreign-controlled corporations to buy companies holding up to 10 percent of the Canadian telecom market will not reduce prices or improve service and may even lessen competition (if they buy up a bunch of small carriers). Rather than allowing foreign ownership of this key sector, we need legislation that deals with the real problem in Canadian communications: the excessive, deregulated market power of a handful of large companies.

I respectfully request that your government immediately remove any possible changes to the Telecommunications Act from the omnibus budget. Your government should also rethink its position about allowing foreign-controlled corporations to buy companies holding up to 10 percent of the Canadian telecom market.

Sincerely,

Dave Coles  
President  
YE/sm-cope.343

cc: Industry Canada Minister Christian Paradis  
([christian.paradis@parl.gc.ca](mailto:christian.paradis@parl.gc.ca))