Nov. 19, 1999

Industry Canada
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RE: Telestream Communications Inc.
2500 MCS Proposal for Nova Scotia

All proposals to deliver 2500 multi point communications systems and its associated learning plan to Nova Scotia were considered in the context of the following principles. These were established by the Department of Education as the designated Learning Authority in consultation with representatives of educational institutions, museums, libraries and CAP sites in Nova Scotia:

- equity of access, price and availability in urban and rural areas
- favourable rates for education
- control of content by educators in Nova Scotia
- (desirable) private sector management of networking
- affordable upgradability to match advances in technology

As a fundamental principle, higher bandwidth access must be made available to educational institutions in rural parts of the province which are most in need of distance education services. A successful bidder should have a realistic plan to extend networks and high bandwidth services outside the most urban areas of the province. Many schools, libraries and CAP sites in the Province now regularly consume 100% of their bandwidth and we are only half way through the installation of computers under the Information Economy Initiative. There is a serious need for affordable bandwidth across the province, particularly in rural areas. Merely offering high speed access within Halifax would not meet educational needs of the province.

Generally, there has been little interest in 2500 MCS in Nova Scotia. It is very clear in the "call" that roll-out of 2500 MCS services will be market driven and that frankly means that there will be little predictable or early roll-out in much of Nova Scotia. Telestream claims the most aggressive distribution pattern through a telecom infrastructure which may reach between 80 km and 160 km.

Reaction from the education system generally has been that this still neglects a large portion of the province and merely increases the gap between "haves" and "have-nots" with Metro Halifax getting a further attractive option to connect schools and educational institutions. Our EDnet wide area network was established on the principle that any school, library, museum or CAP site could connect at the same rates and with the same service anywhere in the province.

Telestream offers a significant portion of bandwidth to First Nations, Francophone and Anglophone educational groups, but much of these communities is in the more rural areas of the province which are less likely to receive service quickly.

Telestream offers discounted rates to connect to their services, but it is difficult to assess that claim in the absence of actual costs for products and services which would be valued in education.
Telestream offers a contribution to education of 5% of gross revenues per year in Nova Scotia beginning in year 3. Telestream further stipulates that their contribution may be in cash or in kind. While this may be beneficial, without specific dollar commitments, it is impossible to begin planning to apply that contribution to education in Nova Scotia.

Industry Canada is commended for trying to extend advantages to education through the "Learning Plan" associated with the call to license 2500 MCS services across Canada. In order to meet IC’s own objective of connecting all Canadians, there remains a need to ensure that high bandwidth, affordable services are extended to all parts of Canada including rural areas.

I look forward to working with the designated licensee for Nova Scotia.

Yours truly,

Michael Jeffrey, Director