

Staying Ahead

**Keynote Address
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Slide 1 – Intro page

1. Introduction

Thank you Peter for your kind words.

Last year, I made it clear to Mark Goldberg and Janet Yale that I had made my last regulatory speech.

I believe the case for regulatory reform that TELUS laid out in my remarks at the last two summits was clear and compelling.

We need a fresh, new public policy approach in Canada; one that enables, rather than impedes, offering Canadians the innovative, future friendly products and services they want, when and how they want them.

What I desperately want to speak out about is our business, about technology and innovation, our business transformation story, our team members and our customers.

For example, it would be refreshing to share best practices from our award-winning HR programs that ignite our team's commitment to customers...to compare notes on growing shareholder value from a consistent, winning strategy.

That was before Janet Yale began calling....and calling....and calling. Before she started hunting me down on a daily basis insisting I do regulation again.

It's like the Godfather scene where Al Pacino's character says, "Just when you thought you were out, you know, they pull you back in again."

Now, here I am for the third year in a row about to deliver a regulatory speech.

But with the encouraging report of the Telecom Policy Review panel on one hand, and the CRTC's VoIP and forbearance decisions on the other...we feel obligated to comment on the regulatory environment once again...out of a duty to TELUS' shareholders, the vibrancy of the industry in which we make a living and the competitiveness and forward looking nature of our country.

I will concentrate my remarks today on the implementation of the TPR panel recommendations, and how we can move forward in developing a new regulatory framework to position broadcasting to meet the challenges of today's broadband IP world.

Once again, this speech is not about criticism for the sake of criticism. As in my speeches in previous years at the Summit, it is about identifying areas of concern, and offering practical recommendations and advice for effecting the necessary change.

First, however, I want to acknowledge what we heard from Industry Minister Bernier before lunch.

It is a pleasure to share this venue with a Minister who demonstrates vision and passion for the vital role that telecommunications plays in our country.

Slide 2 – The new telecom summit

We meet here today at a tremendously exciting time. A time of remarkable change and of breathtaking possibility.

To put the dynamic nature of our industry into in perspective, just reflect on this very gathering.

Less than a decade ago this “Telecom Summit” would have been populated exclusively by the likes of regional telcos such as Bell Canada, BC Tel, Newfoundland Tel, and mobile companies like Clearnet and Microcell.

Today, we look around and we see not only telephone and wireless companies, but also major cable operators, Internet service providers, systems integrators, and creators of content.

Slide 3 – It is an IP world

Now, ask yourself, why is that? Why has this change taken hold so fast and so firmly?

The answer is that we now live – and we now compete – in an IP world.

A world where Internet-based broadband platforms are used by us all to deliver entertainment, information and communications. In the IP world, there are few boundaries.

What’s more, from the network’s perspective there is little difference between a packet transporting TV or one that is delivering the mail or a simple voice conversation.

That’s the world of Internet Protocol with platforms that provide a truly integrated media marketplace.

It has changed everything – for our companies, our customers and our shareholders.

At TELUS, we believe passionately in the IP World. It supports our core philosophy – an ambitious and confident belief in the Future.

A Future that is Friendly, because it offers so much more choice and possibility for all stakeholders.

Slide 4 – Staying ahead with consumers

The IP world also changes how we as companies approach our business.

In the IP world, success flows to those who focus on Staying Ahead – those who demonstrate the courage to invest and deliver the innovation our customers now demand.

Success means unleashing the power of the Internet to deliver the best solutions to Canadians wherever they live, work and travel, regardless of the old boundaries.

What is it our consumers – our neighbours, our friends and our families want? It’s pretty straightforward. They are looking for:

- exactly the services they want;
- exactly when they want them; and
- exactly how they want them – whether that be over wireline or wireless connections, from their telephone and television sets through to PCs and ubiquitous mobile devices.

Our challenge is to deliver against their lofty expectations.

If we succeed, we score a hat trick – satisfied customers, rewarded shareholders and, as a country, we can be a leader that sets trends and breaks new ground.

Success in a globally competitive IP world is tied to maximizing opportunities to invest and innovate. That's what makes this an exciting time to meet together at this summit.

Slide 5 – Staying ahead as an industry

Consequently, today, I want to discuss how we can turn talk of forward-looking strategies into the kinds of practical results you can measure and build upon. How all of us and how Canada can ensure it is Staying Ahead in the IP world.

In TELUS' view, success requires the satisfaction of three basic preconditions:

- First, we need the technological means. Specifically, the most advanced and ubiquitous broadband platforms.
- Second, our enterprises require strategic leadership and disciplined focus.
- Finally, our sector requires a supportive policy and regulatory framework. With such a framework, our ambitions will be realized. Without it, we will watch as opportunity migrates to more responsive markets.

It is our choice and it is down to us.

Not surprisingly therefore, I wish to concentrate my remarks on the steps necessary to achieve a progressive policy and regulatory framework.

So what is required? What kind of environment will facilitate Staying Ahead?

At a minimum, we need a regulatory framework that recognizes the new realities of the IP world in which we operate.

A framework that unleashes the power of innovation and unlocks the competitive spirit that is gathered in this room. Dynamic, not managed, change.

We need a framework that promotes the talent and creativity of our artists – on existing and emerging platforms alike; not just in Canada but right across North America and beyond.

In short, we need a framework that embraces change and bends it to our advantage.

Fortunately, we start with the benefit of some encouraging developments.

Last year, I talked about how TELUS prepared itself for the future with a long term strategy for sustained growth and how policymakers and the CRTC needed to adopt similar approaches – by setting clear directions, identifying specific performance measures and then setting out to meet or surpass those benchmarks.

More fundamentally, I talked about the need for a paradigm shift in the perspective of the regulator.

With the release of the Telecommunications Policy Review, I believe that shift has been mapped out.

This important report has generated a rare consensus amongst competitors. It is an outstanding blueprint for effective reform.

Our first priority, therefore, is to put the Telecom Policy Review into practice. We need timely and meaningful action on many of its recommendations.

However, it is simply not enough to get the telecom piece of the regulatory puzzle sorted out – as important as that may be. Not in the IP world.

Staying Ahead means we must do more than reform telecommunications regulation.

Convergence is happening right now. And a plethora of new applications are being created on a daily basis.

Content extends from software to entertainment programming, games and interactive applications.

Traditional definitions of broadcasting are being breached as I speak, with the regulatory framework grappling with marketplace reality.

We believe it is essential to establish policy and a regulatory roadmap with respect to the delivery of communications and content.

This involves not only telecommunications but broadcasting, including the rules surrounding the rights of intellectual property holders, the commercial availability of content, and the promotion of Canadian artists.

It may sound ambitious but it is undeniably required.

If we want Canada to be a leader, we have to act like it. The Future can be Friendly – but it's approaching fast and we must be ready.

We've got to get our policy and regulatory act together, adopting a forward-looking framework for regulation.

2. The Future is Friendly and TELUS is well positioned

Slide 6– Staying ahead with a proven strategy (strategic imperatives)

This is why TELUS intends to participate fully in the reviews of broadcasting policy announced this week by the Minister of Heritage and the Chair of the CRTC at the Banff Television Festival.

Before going further, I want to speak for a moment about what we at TELUS have done for our part. Six years ago, we chose to adopt a strategic focus on data and wireless. Thank goodness.

It was a strategy that anticipated the IP world and one that is paying huge dividends.

With a strong business foundation, a talented team and a growing portfolio of innovative solutions, we are executing our national data and wireless strategy for the benefit of our customers, team members, shareholders and our communities.

Our disciplined focus has:

- positioned TELUS at the forefront of technological innovation, making the future friendly for our customers;

- positioned TELUS at the forefront of our global peers with respect to the execution of our winning strategy, financial performance and ongoing creation of shareholder value; and
- positioned TELUS at the forefront in the commitment to our social responsibilities and progress to become Canada's premier corporate citizen.

Slide 7 – Staying ahead with a proven strategy (strategic intent)

Of course, the litmus test of success is to be found in our results, starting with shareholder value.

Slide 8 – Global ranking

Once again, in 2005, TELUS achieved outstanding earnings and cash flow growth, resulting in our share price again outperforming stock market and telecom indices.

Slide 9 – TELUS share price outperforms market and peers – three years

Over the last three years, shareholders have benefited from a 111 per cent increase in TELUS' share price – surpassing our global telecom peers by a factor of more than six to one, and the Toronto Stock Exchange by almost 60 per cent.

This is reflective of the excellence of TELUS' strategy in a highly challenging global telecom industry,

Slide 10 – Strategic focus on data and wireless

From a standpoint of strategy, our outlook is equally robust.

TELUS' emphasis on creating strong growth in our data and wireless solutions is paying off.

This has resulted in a distinct shift in our revenue streams to reflect a more robust balance between our regulated voice business and our higher-growth, unregulated wireless and data businesses.

As shown here, wireless and data revenues have more than doubled from 28 per cent six years ago, to 60 per cent of TELUS' total revenue today.

The shift towards data and wireless revenues as well as our national expansion has allowed us to escape the limitations imposed by regulation and pursue successful free market opportunities.

As a result, the unregulated parts of our business are fueling our growth to the betterment of our shareholders, employees and customers.

Slide 11 – Strategic focus on data and wireless (slide complete)

With the Canadian wireless market expected to grow by up to five million new customers over the next three years, prospects look strong for TELUS.

Now we need to leverage our success in building a platform for wireless to drive content-rich services to meet our customers' expectations.

Slide 12 – Staying ahead on wireless data

To earn our fair share of this growing business, we have focused on equipping our customers to *do more* with their mobile devices including:

- downloading digital music;
- playing interactive video games in colour;
- trading multimedia messages; and

- watching 15 channels of mobile TV, broadcast live to their TELUS cell phones.

Innovative solutions like these are a catalyst for continued wireless growth as the cell phone increasingly becomes the one device consumers cannot leave home without.

Slide 13 – Staying ahead in wireline

At the same time, TELUS is answering the challenging dynamics of the wireline industry in three ways:

First, we are driving high speed access in our consumer markets of B.C., Alberta, and eastern Quebec, and using our broadband platform to launch innovative solutions, such as TELUS TV.

Second, TELUS is leading the way in delivering best-in-class data solutions to select markets in the business and public sectors across Canada, generating sustainable revenue and profitable growth.

Finally, TELUS is continuing to harvest opportunities for improved efficiencies throughout our organization.

Slide 14 – Creating innovative business solutions

TELUS is making great gains in the business market by leveraging the growth in key industries including energy, financial services, and the public sector.

Let me give you some quick success stories that reflect our strength of innovation in the IP world.

In the energy sector, TELUS is providing turn-key communications infrastructure for remote oil mining camps and mission-critical business applications. These IP applications allow the remote monitoring of oil production facilities, and the tracking of construction and transportation vehicles.

In financial services, our managed IP network solution, established so successfully at TD Bank and the Co-operators, has become the communications model for large Canadian corporations.

We're also facilitating cost savings and improved social services for government agencies.

In 2005, TELUS and the Government of British Columbia reached a ground breaking agreement benefiting British Columbians, and securing for TELUS one quarter of a billion dollars of business with the Government and 10 public sector agencies.

Slide 15 – Bridging the digital divide in BC (logos)

Through this partnership, TELUS is investing out of our own pocket \$110 million dollars in British Columbia, bridging the digital divide and unleashing the power of the Internet in an additional 119 communities this year.

Slide 16 – Bridging the digital divide in BC (photos)

This will enrich the lives of B.C. citizens and enhance the competitiveness of businesses across the province. This partnership is borne out of mutual benefit, not regulatory decree.

Slide 17 – Building success through thought leadership (health)

TELUS is bringing this same IP technology and thought leadership to the challenges faced by the healthcare sector.

The unique and compelling services we deploy in collaboration with our healthcare partners, including Hamilton Health Services and Calgary Health Region, enabled TELUS to become the largest Human Resources business process outsourcer in Canada in a period of less than three years.

Through TELUS' technology and scale, we are driving efficiencies in regionalized healthcare, reducing costs and improving patient care.

In B.C., our IP network is enabling remote patient diagnostics and care – allowing 10 Thoracic surgeons in Kelowna to serve the needs of 66 communities in Northern B.C. without incurring the expense, disruption and risk of patient travel.

In every respect, whether working with the public or private sectors, TELUS is bringing to market forward-looking IP solutions that reflect a company thinking in the context of the IP world.

Slide 18 – Launching TELUS TV

Of all the initiatives that speak most obviously to our future friendly perspective, however, it is the launch of TELUS TV that sounds most loudly.

The TV business is a \$1.4 billion dollar market in the West alone that is growing at seven per cent each year.

This represents an attractive opportunity for TELUS to build a long term business that should create significant shareholder value over time.

However, in the short to mid-term it is not profitable as we take the risks to invest in this start up technology and associated services.

Our strategic approach is, once again, built on a foundation of innovation and choice.

Slide 19 – Launching TELUS TV (differentiated entertainment)

TELUS TV is a 100 per cent digital service that already provides more than 200 channels of entertainment and learning.

It is all pretty cool.

TELUS TV's Video on Demand offers a large library of first run movies and gives customers the control to watch them when they want and how they want, with the ability to stop, pause, fast forward or rewind their entertainment as their needs dictate.

With TELUS TV you can watch your favourite hockey team, whether it is the Leafs, the Canadiens or the Oilers, and keep an eye on the other two at the same time, by time shifting of Hockey Night in Canada.

Slide 20 – Incoming call from Kim Smith

In fact, if the phone rings while you are watching the hockey playoffs, the name and number of the person calling will pop up on your television screen.

If it is your boss, you can call her back after the game!

Slide 21 – TELUS TV – channel one

With TELUS TV you have real time information at your finger tips. Thinking about convergence.

If your favourite hockey game is not televised, you can keep an eye on all the scores on the myTELUS channel, which gives you Internet access through your TV set.

That is just the beginning, because our IPTV platform can deliver thousands of channels and tailor content to the personal taste of individual customers.

3. Implementing TPR

Having provided you with an overview of how TELUS has positioned itself to lead in the IP world, let me return to the question of the regulatory framework.

If Staying Ahead means not standing still, then the Telecommunications Policy Review represented a welcome step forward.

Slide 22 – TPR panel got it

In short, the TPR panel got it right.

First, it recognized that telecommunications is a critical contributor economic competitiveness and social well-being.

That may seem self-apparent but to have it reinforced as a matter of government policy development is tremendously reassuring.

Second, the panel said that we cannot reap the economic and social benefits of competition unless – and I quote – “Canada’s telecommunications policy and regulatory framework is continuously reformed.”

Indeed, we need a regulatory model that is progressive and evolutionary; one that is robust enough to avoid the need for periodic review.

This kind of clear, common sense proposition is exactly what our industry needed to hear.

Even more importantly, it is exactly what the regulator needed to hear and, hopefully, take direction from.

The panel’s specific recommendations went further, providing Canada with a roadmap for staying ahead in telecommunications.

Slide 23 – Regulatory challenges

Frankly, it came without a moment to lose.

While the CRTC has made some welcome advances of late, the current regulatory regime still looks too often in the rear view mirror, denying Canadians the benefits of sustainable competition.

Let me give you two recent examples:

First, the CRTC surprised consumers and others last year by ruling that the price of local VoIP services, when provided by major telephone companies, will be regulated.

This, despite the fact that these companies have no market power in the provision of consumer voice over IP services.

The good news is that the federal Cabinet rejected the Commission’s reasoning and directed it to reconsider the ruling taking into account the TPR’s recommendations.

It is discouraging to consider the opportunity cost of the significant time and valuable resources that have been diverted to determining whether or not to regulate a service that clearly should never have been subject to regulation in the first place.

In an IP-world, we do not have the time or resources to waste.

Second, earlier this year the CRTC released its forbearance decision, setting out the circumstances for the deregulation of local rates.

This should have yielded benefits to Canadians through the long overdue impact of competition.

Disappointingly, those benefits are being denied to customers.

The Commission made it unnecessarily difficult to trigger competitive forces by setting the threshold for deregulation too high – even higher, I might add, than the threshold suggested by the CEO of one of our major cable competitors.

This stands in stark contrast to the 5% market share loss threshold for cable deregulation.

Even more inexplicable, our threshold excludes market share loss to wireless competitors.

Yet we all know that an increasing and significant number of Canadians are using their mobile phones as their home phone.

In Vancouver, for example, that's true for 10% of households.

That is just the regulatory test.

It still does not address the impact of technological substitutions from new applications like e-mail and Instant Messaging.

Finally, even once the threshold for deregulation is met, cumbersome administrative processes at the CRTC mean that applications will be delayed far too long.

It is really quite frustrating.

The effect of regulation has a real world impact on investments.

It has been made clear to me by investors outside of Canada that their biggest worry in considering Canadian telecom investments is the current regulatory climate.

The lack of predictability in decisions like VoIP, the lack of predictability of forbearance and also of Price Caps motivates investors to put their money in other industries where they can derive a better certainty of return on their investment.

Of the many things that can be said of the forbearance decision, such as it is uncompetitive, unresponsive, and ungrounded in today's realities, the most obvious is that it is at complete odds with the philosophy articulated in the Telecom Policy Review.

With that in mind, TELUS and the other major telephone companies have asked the Cabinet to overturn the decision.

These two examples underscore the need to integrate the TPR's recommendations into current regulatory practice.

The best blueprint in the world is of little value if it sits unused on a shelf.

The panel's report contains 127 recommendations. We welcome the Minister's announcement that a directive has been tabled in Parliament that would require the CRTC to take a more market-based approach to regulating our industry, as recommended by the TPR.

To help further focus the way forward, TELUS is proposing four priorities rooted in logic and pragmatism rather than hollow criticism.

Slide 24 – Four priorities for implementing TPR report

First, the regulatory prohibitions on targeted pricing and promotions to win back customers who have switched to another carrier should be removed.

Consumers should gain the benefit of our best efforts to win their business. The current regulatory regime stands in the way – meaning less value for Canadians.

The telecommunications industry has made significant investments in upgrading their networks to deliver entertainment services, whilst the cable industry has also made material investments to deliver telephony.

So, why is it that when TELUS wins an entertainment customer from Shaw they can be pursued immediately for repatriation by Shaw.

Whereas, when Shaw wins a customer from TELUS, our company is impeded by a 90-day moratorium on winning that customer back. I do not get the congruence of the logic.

Second, the government should amend the *Telecommunications Act*, to include the panel's pro-competitive guidelines for implementing the policy objectives it proposes.

The panel's guidelines dictate reliance on market forces to the maximum extent feasible.

Importantly, this would also reverse the standing presumption that regulation is required unless the Commission decides otherwise.

It is time to move the default position from regulation to competition.

In the same vein, TELUS believes there should be an explicit amendment to specify that telephone companies need not file tariffs in the absence of significant market power.

Third, the CRTC itself should be reformed to make it more effective, more expert and more focused.

It should be smaller and commissioners should have specialized telecommunications expertise.

Speed and quality are directly related to having such expertise.

Similarly, new service standards for regulatory proceedings should be implemented immediately.

There is nothing more compelling for our TELUS team than embracing a performance culture.

It is time to put our regulatory framework to the same test and drive superior performance.

Fourth and finally, the government should adopt the panel's recommendation to establish the Telecommunications Competition Tribunal.

The tribunal would be a temporary measure to ensure a timely transition from the current regulatory framework to one that relies on the Competition Act to deal with competition issues.

This is consistent with the UK experience whereby the powers to adjudicate on competition-related issues, including allegations of anti-competitive behaviour and the abuse of a dominant position, were vested in the Competition Authorities many years ago.

With these four steps, the government can provide a dearly needed catalyst to the promising direction spelled out in the TPR report.

Such leadership will ignite competition, benefit consumers and enable our entire industry to better take advantage of the IP world.

But even that is not enough. The time has come to address the undeniable – we must face up to the overwhelming changes the IP world is imposing on our broadcasting sector.

4. Broadcasting: The next horizon in staying ahead

Slide 25 – Characteristics of the IP world

The IP world is delivering an integrated media marketplace where the boundaries between broadcasting, telephony and the Internet are being obliterated.

It is making the conventional notion of broadcasting – where the family gathered around the Electrohome to watch its favourite program – as antiquated as the Saturday evening radio plays of our grandparents time.

Ladies and gentlemen, we are witnessing the passing of an era.

Today, content is becoming personalized as individual interest and direct delivery are dictating the shape of things to come.

Technology is enabling unlimited customer choice, driving new approaches, new delivery and even new media.

One of the most fascinating consequences is the way consumers have begun to create and share personal content and opinion.

This personal embrace of technology is creating a whole new dimension in terms of cultural expression for our country, our citizens and our artists.

I continue to believe that mobility is a defining aspect of this changing landscape.

Devices like iPods and cell phones are increasingly becoming the preferred delivery platform for people – particularly the younger generation.

We can safely predict therefore, it is a trend that will only intensify. And one that will further break down old barriers, build up new business models and shatter outdated regulatory norms.

Put simply, the world is no longer divided into telecommunications and broadcasting.

Gone are the regulatory silos established to control the interaction between the two sectors.

The IP world is integrated, digital and constantly evolving.

Regulating it with today's Broadcasting Act is like trying to repair an airplane with a car manual.

Slide 26 – New market realities

If you harbour any doubts about the power of the IP world, I invite you to follow the money. If you want to understand where tomorrow is headed, look at where today's advertising dollars are going.

Ask any Canadian Media Buyer and they will tell you that their clients are demanding to see more on-line, more from wireless, as well as new media marketing strategies.....especially to attract the youth market.

In 2005, Google's advertising revenues alone were more than \$6 billion U.S.

Recently, Microsoft Chairman Bill Gates bowed to the trend and indicated that he would, in effect, refocus MSN around the pursuit of the growing online advertising pie.

He went so far as to say that the IP world 'blows away the broadcast model'.

This is a seismic shift. And it has extraordinary implications for us all.

Not that long ago, channel and spectrum capacity were scarce and this was a fundamental preoccupation for the broadcasting industries. Today, IP has revolutionized that perspective.

Ironically, this change has made the regulator a more significant factor, not less.

Now, the only limitations on this new technology are the exercise of rights, the preferences of consumers and restrictions imposed from a bygone era. All of which speak to the need for a new regulatory perspective.

Slide 27 – Content revolution

Of all the marketplace changes enabled by the IP world, the most dynamic, however, is the so-called content revolution which integrates creators with information and communications technologies.

Mass media broadcasting is ailing as the IP World gives rise to a new interactive, ubiquitous content platform.

For example, last year the revenue from music downloaded to cell phones was \$761 million in the U.S., up dramatically from \$124 million in 2003 ... and it is accelerating.

For traditional broadcasters, the change is a once in a generation challenge.

'Where next?' is the question on everyone's mind.

Obviously, traditional broadcasters still possess the largest and most established audience. But the question now is, for how long?

As a broadband company, TELUS intends to leader in the distribution of content for any platform; be it high-speed Internet, IPTV or wireless.

Remember what I said earlier: in an IP World, it's about giving customers what they want, when they want it and how they want it.

That is what keeps us focused – because such a philosophy demands a continuing strategy of growth through wireless and data, and unleashing the power of the Internet to benefit all Canadians.

The next generation platforms that we are rolling out today – whether fixed or wireless – can also create opportunities for content development and exposure for our artists unimagined in a more conventional broadcasting world.

The opportunities will not only come in conventional genres like drama, but in a variety of areas such as games, software, news, information and education.

Slide 28 – The policy and regulatory challenge

If we are to fly the Maple Leaf over this new frontier however, complicated questions of policy and regulation must first be answered.

One thing is certain. Old regulatory responses like limiting the number of licences or restricting the range of choice won't translate into success for anyone – least of all Canada as a whole.

For Canada to stay ahead in the IP world requires more than forward-looking business strategies; it also demands forward-looking public policy.

To stay ahead, we require creativity, not control.

Perhaps most important of all, we need to reflect on how to advance Canadian cultural objectives while promoting consumer choice and innovation.

At TELUS, we believe Canadian artists and creators require support but they must also receive promotion.

In the IP world of ubiquitous personal choice, getting noticed is the greatest challenge many of our artists will face.

The Future must be Friendly for them as well – and we must form a collective compact toward that objective.

Canadian content provisions need to earn the right to remain relevant, by adapting to the new environment just as surely as the rest of us.

In the IP world, the marketplace is irresistibly continental. We should force ourselves now to find creative solutions to meet this growing challenge.

One recent example suggests it is possible.

The CRTC's approach to licensing the new satellite radio services demonstrates that creative solutions can be developed.

In that instance, rather than impede choice by denying access to consumers, the CRTC developed a solution to guarantee the presence of Canadian content on a continental platform.

That particular solution may or may not be applicable more broadly.

We need to work in partnership with our artists to generate the best possible solutions. Nevertheless, it is an example of innovative thinking on the part of the regulator. We will need much more of it if we are to have a successful and friendly future.

Slide 29 – Broadcasting policy review is essential

TELUS is pleased that the government has decided to launch a formal review of broadcasting policy in light of the impact and opportunities associated with new IP-based technology.

Equally, we are pleased that the CRTC has launched an associated review of over-the-air television.

Together, these reviews should yield a fundamental restructuring of content and communications regulation that sets aside aging distinctions between broadcasting and telecommunications.

However, we still need to look at the whole structure, not just the piece parts.

In a world where the most significant competitor of the telecommunications industry is cable, and vice versa, it is clear that the continued bifurcation of regulatory responsibilities is not the best way to proceed.

To that end, TELUS believes the government should seriously consider a single piece of regulatory legislation and governmental accountability for the entire communications industry.

The goal being to ensure a holistic approach to the regulatory framework governing our converged industries.

TELUS is heartened by Minister Oda's commitment to smart regulation and her recognition of the convergence effects identified by the TPR panel.

As a company that has embraced new technologies to deliver content, from IPTV to mobile broadcasting, TELUS is uniquely positioned to create bridges between traditional Canadian producers and broadcasters and emerging IP markets.

Let me suggest four points of consideration for the review.

First, the onus should be reversed when it comes to the very act of regulation. We at TELUS see no reason that broadcasting should not embrace the TPR principle that regulation should occur only when demonstrably required.

Micromanagement does not serve the Canadian public or public policy. It is certain however, that innovation and artistry can be fuelled by a less prescriptive approach.

Second, content rights are the key determinant of successful convergence strategies. Accordingly, any review must include an examination of our copyright regime.

The status quo is simply not compatible with the IP World. We should act wisely now before a collision between consumer demand and artists rights occurs. I want to see our artists and their work respected in full and I also want to see them thrive in a global marketplace.

My fear is that innovative content is going to be caught in a web of overlapping copyright tariffs and regulatory anachronisms. In turn, this will cause consumers to turn away from the Canadian system and look elsewhere for their entertainment needs.

As a starting point, it only makes sense to entrench a consumer's right to fair use, including the right to transfer content from one medium to another for personal use.

Third, I think some new approaches to delivering content on new platforms could take us a long way. We need to enable the creation of Canadian content specifically designed for these new platforms.

How do we do this? Why not permit IPTV providers to direct revenues to a fund for new media rooted in IP technologies rather than the Canadian Television Fund. This would provide an immediate lifeline to Canadian producers and creators seeking to exploit new media and new technologies.

Let us give these pioneers of the next generation a helping hand and, in the process, create a larger footprint for Canada in the rapidly evolving IP World.

My fourth, and final, suggestion is that we should set a firm date for the transition to HDTV in order to free up valuable spectrum that can be reallocated to broadband wireless services.

It is time to show the same leadership in wireless broadband that a decade ago we demonstrated in the fixed broadband market.

Right now, Canada is lagging behind key trading partners like the U.S. and the UK, because it has no plan for reallocating this spectrum. That is something we can and we must correct quickly.

In this regard, we are encouraged by the announcement of the CRTC Chair that this is an issue that is squarely on the table in the television review.

In summary, the time for a fundamental overhaul of broadcasting policy has arrived. The IP world requires that we act rather than await, that we lead, rather than lag.

Our ambition is not to abandon traditional Canadian strengths such as cultural expression and innovation. It is rather, to assert them in new ways as befits a new environment.

5. Conclusion

Slide 30 – Staying ahead as a country

Let me close by returning to the theme of Staying Ahead.

I spoke at the outset of the three preconditions required for Canada to be a leader in the IP world: the technological means through innovation; the industry wherewithal; and the correct regulatory and policy framework.

Well, the technology is at hand. It is all around us. An integrated media marketplace has been made real. It has created the conditions for a content revolution. For a consumer revolution for unlimited choice and customization.

Similarly, our industry's ambition is on full display. It is in this room and right across the country. I, as one, can only speak for TELUS but I can assure you that we are not content to watch as others deliver what our customers desire. We have embarked upon a journey to deliver on our future friendly promise to Canadians. We intend to finish the job.

The final requirement, therefore, is to put in place a public policy framework that promotes competition, innovation and pride of place for Canada in the new IP world.

With that in mind, we urge the government to swiftly implement the recommendations of the TPR panel; just as we urge it to conclude its comprehensive review of Canadian broadcasting policy as soon as possible.

Canada's policy and regulatory approach must meet the new challenges of IP-based media today, in order to satisfy enduring needs for cultural expression into the future.

The opportunity before us is a unique one. We have the chance to exercise foresight, to anticipate change and to position our industry and our nation for remarkable gains.

We dare not squander this chance. We must make the most of this opportunity. We must show the world that Canada appreciates the importance of Staying Ahead.

Slide 31 – Forward looking statements

Slide 32 – Thank you

Slide 33 – Staying Ahead