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# Standing Committee on Industry and Technology

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Chair: Mr. Joël Lightbound





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• (1400)

[*Translation*]

**The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)):** Good afternoon, everyone. Thank you for being here.

I call this meeting to order.

Welcome to meeting 53 of the Standing Committee on Industry and Technology of the House of Commons.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Wednesday, January 26, 2022, the committee is meeting this afternoon to study the proposed acquisition of Shaw by Rogers. Today's meeting is taking place in hybrid format, pursuant to the House order of June 23, 2022.

For the first hour of our hearings this afternoon, we will have the opportunity to hear from a number of witnesses both in person and virtually.

[*English*]

We have Mr. Iacobucci, a professor with the University of Toronto's faculty of law, appearing as an individual. Thanks for being with us, Mr. Iacobucci.

We have Ben Klass, Ph.D. candidate at Carleton University and senior research associate at the Canadian Media Concentration Research Project.

From Globalive Inc., we have Anthony Lacavera, chairman. Thanks for being with us in person here in Ottawa.

Also from Globalive we have Simon Lockie.

From TekSavvy Solutions Inc., we have Andy Kaplan-Myrth, vice-president, regulatory and carrier affairs, and Jessica Rutledge, regulatory counsel. Both are with us virtually.

Thanks for being here, everyone. Without further ado, we will start the first testimony with Mr. Iacobucci.

The floor is yours for five minutes.

**Mr. Edward Iacobucci (Professor and Toronto Stock Exchange Chair in Capital Markets, Faculty of Law, University of Toronto, As an Individual):** First of all, thank you to the committee for having me here today to speak with you.

I come at this from the perspective of an academic interested in competition law.

Let me state my conclusion about the competition law issues at the outset. In my view, the Competition Tribunal did an excellent job in assessing the competitive effects of the Rogers-Shaw-Videotron transactions.

Let me also say that in competition law cases—maybe even more than in any other areas of law—the particular facts matter. The tribunal is in a much better position than I am to weigh the evidence, but on my reading of its opinion, it weighed that evidence carefully and persuasively.

The evidence in this case was vast. There were 40 witnesses and thousands of pages of documents, yet the tribunal's reasons provided a thorough and coherent account of that evidence, which explained in detail and—to me—convincingly its reasons for deciding that the merger would not substantially lessen or prevent competition. Given my respect for this decision, my remarks in many ways will just draw significantly from the tribunal's analysis.

I'll give a quick word on process first. I think it's important to acknowledge that the speed at which the tribunal heard and disposed of this case—and that it did so in such a thorough manner—is laudable, as is the Federal Court of Appeal's expedited hearing of the appeal and dismissal of the appeal. Mergers are often time-sensitive and the tribunal and Federal Court of Appeal deserve credit for their efforts in this case, in my opinion.

On the merits, I think the tribunal's decision is a model of careful review, probing the evidence and weighing that against competition law principles. Competition law focuses on competition. The tribunal carefully reviewed the evidence as to why competition is unlikely to suffer as a consequence of the transaction.

At root, Shaw's divestiture of Freedom to Videotron prior to any acquisition of Shaw by Rogers diminished the competitive concerns about the acquisition. In Ontario, Shaw competed in wireless only through Freedom, so that divestiture took care of competition concerns in Ontario, as the commissioner conceded.

Shaw will continue to have a presence in Alberta and B.C. post merger, but its market shares were relatively small, so the competition concerns weren't as acute.

Moreover, I think the tribunal quite carefully reviewed the argument about whether Videotron would be an effective competitor and reasonably concluded that, given its track record of disruption and its fully costed and detailed strategy going forward, it would continue to be an effective competitor. Indeed, although not necessary to the outcome, the tribunal suggested that Videotron's acquisition of Freedom may, in fact, have some pro-competitive effects by invigorating Freedom.

Those are the basic factual findings that led to the merger's approval. Unlike some other contested mergers, there actually weren't very many interesting purely legal questions at stake in this case. The commissioner made a couple of legal arguments before the tribunal and then, ultimately, before the Federal Court of Appeal that didn't convince either the tribunal or the Federal Court of Appeal and weren't especially convincing to me.

The most significant argument from the commissioner was that the tribunal ought to have considered the initially proposed transaction—that is, Rogers purchasing Shaw outright rather than the modified transaction in which Rogers would acquire Shaw only after the divestiture of Freedom to Videotron.

It's conceivable that this difference could have mattered. Prominently, if the original deal were considered and found to be anti-competitive and the sale of Freedom was proposed as a remedy, then the burden would arguably have been on the merging parties to show that the remedy addressed the anti-competitive effects of the deal. On the other hand, if the tribunal considers only the modified deal, then the burden is on the commissioner to show that the deal remained anti-competitive despite the divestiture of Freedom.

Conceivably, this decision could have mattered, but both the tribunal and, I think, the Federal Court of Appeal reasonably concluded that the tribunal ought not to consider a deal that would never happen and instead focused their attention on the deal that was actually being proposed. This makes sense to me. Courts and tribunals do not normally spend a lot of time considering moot questions.

In any event, both the tribunal and the Federal Court of Appeal pointed out that deciding otherwise would not have made much of a difference in this case. In fact, I thought the Federal Court of Appeal in particular was excellent in its explanation of the reason this burden didn't matter much. In theory, a burden might matter where there is a gap in the evidence. If you can't prove something because there's a gap in the evidence, then where the burden is allocated might matter. It might also matter where there's a tie, where the adjudicator can't make up its mind between two positions. The party that has the burden of proof is going to lose that case.

• (1405)

Neither of these conditions was met here. The evidence was thorough, as the tribunal reviewed in detail and the Federal Court of Appeal acknowledged, and I don't think the tribunal regarded this as an especially close case. This was not an anti-competitive merger in the tribunal's view, and indeed it might even have had some pro-competitive properties. Whether the burden of proof is on one side or the other, I don't think it much mattered in this case.

I might imagine that in some cases an eleventh-hour change to a deal could create some concerns about the scheduling of a hearing. If there's preparation for one deal and at the eleventh hour it's switched to another, there could be some questions regarding procedural fairness. Again, the tribunal considered this. The Federal Court of Appeal considered this. Both of them concluded that the commissioner had sufficient notice of the modified transactions to prepare for the hearing, so there was no procedural unfairness.

The tribunal's conclusion that it was going to consider the modified deal was a sensible one, although in the end it might not have mattered much one way or the other.

That was the most interesting of the legal issues, so I'll conclude by saying I think the tribunal's decision and the Federal Court of Appeal's respect for that decision were persuasive as a matter of competition law.

Thank you.

• (1410)

[*Translation*]

**The Chair:** Thank you, Professor Iacobucci.

I now give the floor to Mr. Klass for five minutes.

[*English*]

**Mr. Ben Klass (Ph.D. Candidate, Carleton University, Senior Research Associate, Canadian Media Concentration Research Project, As an Individual):** Thank you for inviting me to be here today.

When last we spoke, the Rogers network had gone dark from coast to coast, disrupting the lives of families across the country and causing business to grind to a halt. The outage should have served as a wake-up call that bigger is not always better, especially when it comes to the essential services that we all rely on in our daily lives.

This committee got it right when it took the view that the merger should not be permitted to proceed, but unelected regulators have moved the deal forward anyway. It is now up to the minister to decide. While it's widely expected that he will give approval, doing so, in my opinion, would be a mistake.

This disconnect has me wondering: What is our priority in this country? Is it to promote competition, or are we more concerned with catering to big business and paying deference to the corporate effort to control crucial markets?

I'd like to offer three general thoughts on these questions. First, I'd like to believe that our priority is competition, but actions speak louder than words. I've been studying telecommunication for 10 years now, through two degrees, and I'm getting tired of hearing nice words being used to paper over harmful, wrong decisions. From the consumer's perspective, Canada's telecom markets were in a woeful state when I began my studies. As CBC's *Marketplace* recently reported, we continue to pay among the highest prices for service in the developed world.

The merging parties, each of them controlled by a family of billionaires, are in a rush to get the merger approved, because they stand to benefit tremendously. I think we all know that consumers, working people and small businesses will be on the hook once this deal goes through.

The tribunal has approved the merger, but its decision was not exactly a ringing endorsement. That's because the bar is set so low that the companies had only to prove that price increases caused by this merger would not be substantial. The tribunal can accept that mobile prices will increase because of the deal, approve it anyway and call it a win for competition. I've said it before and I'll say it again: You can put lipstick on a pig, but you can't make it sing.

The tribunal's decree was based on arcane rules and opaque information presented by competing experts, but if you leave aside all the assumptions, abstractions and redactions and you look around the world, you see that people are paying a fraction of the price for mobile connectivity elsewhere in comparison with what we pay here. We need to aim higher and be more ambitious. We can do better than simply preserve the status quo—if you even accept that this is what this merger will do.

Second, this merger has been set on a collision course with the CRTC and with the future of competition more broadly in telecommunications. Beyond the lacklustre future facing mobile customers, there are grave concerns with the tribunal's decision to approve this merger. Consider that in order to get the deal approved, Rogers convinced the tribunal to accept a series of very generous arrangements it set up that ostensibly will help Videotron expand into wireless and home Internet markets in the rest of Canada. I understand that Rogers wants to get bigger, and that Videotron wants to seize this opportunity to expand. These telecom giants are simply doing what they do, but let's not pretend that they're generous to anyone but their shareholders and executives. Rogers' offer of very generous terms for network access is, in short, simply too good to be true.

For starters, what are we to make of a situation in which a dominant firm chooses who its rivals will be and offers them special favours? The fact is that dominant telecom companies like Rogers, Bell and Telus have a long history of using complex agreements like these to their advantage. They dangle these offers in front of regulators and competitors because they're too good to refuse, but the reality is that they use them to control their competitors, not to give them a boost.

By approving these agreements, the tribunal has created a serious conflict. That is because an agreement such as this one, whereby a dominant provider gives special treatment to itself or others, may very well be illegal under the Telecommunications Act. In fact, a complaint has already been filed at the CRTC that credibly alleges that this agreement will undermine competition for home broadband services across the country. I do not believe Parliament could have intended for a deal approved under one act to conflict with the other in this case, but in the meantime the CRTC will be dealing with the mess as this offending merger draws closer to completion.

My last message is that this can all be stopped before it's too late. I continue to believe that this merger will be harmful, but Rogers, Shaw and Videotron have successfully navigated it past the first

two of the three barriers it has faced. In my view, the regulators have gotten it wrong, but where they failed, the minister still has a chance to get it right. His role and responsibilities go far beyond simply rubber-stamping corporate deals and selling them as a win to the public. He has broad powers to act in the public interest, powers that allow for a much broader consideration of the public good than the regulators' narrow frameworks permit them.

• (1415)

The minister still has a chance to do what he should have done when the merger was announced, and stop it in its tracks. He has a chance to show these corporations that they cannot run roughshod over the Canadian public and the institutions intended to ensure that our society flourishes.

The path forward for the minister is simple. Instead of giving these companies what they want, he should force them to compete.

Thank you.

**The Chair:** Thank you, Mr. Klass.

We'll now turn to Mr. Lacavera for five minutes.

**Mr. Anthony Lacavera (Chairman, Globalive Inc.):** Thank you for the invitation to speak with you all today.

The merger is a bad idea, and Canadians know that. Recent Angus Reid polling suggests that eight in 10 Canadians—

[*Translation*]

**Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ):** I have a point of order, Mr. Chair. There is no interpretation.

**The Chair:** One moment, Mr. Lacavera. We will make sure interpretation is working.

You can go ahead, Mr. Lacavera.

[*English*]

**Mr. Anthony Lacavera:** The merger must not be allowed to proceed. Angus Reid polling suggests clearly that eight in 10 Canadians and, in fact, nine in 10 existing Rogers and Shaw customers oppose this merger because it obviously will create less choice and higher prices for Canadians.

Public interest advocates, academics and all sorts of parties oppose this merger. The Conservative Party, the NDP and a number of Liberal caucus members worry that consumers will be directly affected in Ontario, B.C. and Alberta.

The competition commissioner opposes this merger and did so under an act that we all recognize is deficient and is currently being overhauled by this government.

We recommend and we're calling on the minister to step in and block this anti-competitive merger.

Very importantly, there is nothing anti-Videotron about blocking this anti-competitive merger. Once the government saves Canadians from this anti-competitive merger, a fair, open and transparent process can be run for the Freedom Mobile assets.

To the extent that the Shaw family would like to sell them, the government can oversee a process to ensure that they go to a party that is qualified and that will ensure more competition for Canadians.

Again, there's nothing anti-Videotron about blocking this anti-competitive merger; it's just that the only mechanism left after the failure under the old Competition Act is for the minister to step in and decline a wireless licence transfer to Videotron.

Just by way of context and background, we at Globalive have been competing in the Canadian telecom industry for 25 years. We started competing in long-distance services back in the day. We competed in home phone and Internet service and brought prices down in those three categories. Then we founded, built and operated a facilities-based, independent, pure-play wireless carrier called Wind Mobile, and we successfully brought prices down 20%. That meant average household savings of \$400 a year, whether you were a Wind Mobile customer or not. We're very proud of what we have achieved for Canadians in the past 25 years in reducing prices.

When we were in the process of continuing to build Wind from zero to almost \$500 million a year in revenue, from zero to a million subscribers, from zero and start-up losses to positive \$70 million of EBITDA when Shaw acquired the company, we were really committed to the long term and to continuing to build the business.

Unfortunately, in 2015 our governance was such that when Shaw approached the company with an attractive price, we were dragged into a sale to Shaw. We very publicly opposed that sale to Shaw, because our independent pure-play business model was proven and Canadians were voting with their feet. The growth of the business was spectacular, and we'd crossed strongly into positive EBITDA. We were dragged into that sale and, as I said, we opposed it.

● (1420)

[Translation]

To my mind, Wind Mobile was unfinished business. My goal has always been to provide lower prices, better service and more choices to Canadians, in all provinces and territories.

[English]

It is very much unfinished business for us. When Rogers announced the proposed acquisition of Shaw, we immediately contacted them and expressed our interest in re-entering the Canadian wireless market. Rogers told us they were not going to be selling any assets—and they were definitive about it—and that, regardless, we would not be entertained in any event.

After a year of pressing Rogers, we finally submitted a funded, all cash, no financing condition offer for \$3.75 billion for the Freedom Mobile business. We were looking to re-enter and, again, finish the work and the business we had started.

Rogers did not entertain our offer for the obvious reason that we are an actual competitor. We actually had a track record of bringing

prices down. They were permitted—and are being permitted, potentially, with this merger—to select who their new competitor is going to be. In no universe does it make sense for a company like Rogers to be able to select who their competitor is going to be and then prop them up with a series of commercial agreements that we see now may actually be in violation of the Telecommunications Act.

We call on the minister to block this anti-competitive merger. There is nothing anti-Videotron about blocking this anti-competitive merger and saving Canadians from it.

Once the minister steps in and does that, to the extent that the Shaw family wants to sell, the minister—the government—can oversee a fair, open and transparent process that ensures the best outcome for Canadians, and ensure that the acquirer of Freedom is committed to continuing to invest in networks, to buying more spectrum, to building into rural and indigenous communities, to creating more jobs, to bringing prices down for Canadians, and to bringing more innovation to the market, just as we did with Wind Mobile.

Wireless networks are as important as roads in the digital economy, and as such wireless networks need to be affordable, available and accessible to all Canadians.

Thank you. I look forward to your questions.

**The Chair:** Thank you very much, Mr. Lacavera.

We'll now turn to our final testimony, from TekSavvy.

The floor is yours.

**Mr. Andy Kaplan-Myrth (Vice-President, Regulatory and Carrier Affairs, TekSavvy Solutions Inc.):** Thank you, Chair, Vice-Chairs and committee members for the opportunity to speak with you. I'm Andy Kaplan-Myrth, VP of regulatory and carrier affairs at TekSavvy, which is an independent Canadian Internet, phone and TV service provider. I'm joined by my colleague Jessica Rutledge, who is our regulatory counsel at TekSavvy.

We're pleased that the committee is reconvening to examine the Rogers-Shaw merger in light of how the deal has evolved. In particular, to sweeten Videotron's acquisition of the Freedom Mobile business, Rogers has offered Videotron preferential wholesale terms, such as discounted wholesale access rates and discounted transport capacity. This sweetheart wholesale deal is where TekSavvy can offer a unique perspective.

I'll give you a bit of background on our business model. TekSavvy has been serving customers for over 25 years. We have almost 300,000 customers across Canada. In Chatham-Kent and surrounding communities in southwestern Ontario, we have invested and continue to invest in building our own facilities, including our growing fibre-to-the-home network. In the rest of Canada, we connect customers through a combination of wholesale services that we buy from the large incumbent carriers in their serving areas, including Rogers, Shaw and Videotron, and our own facilities across the country. The CRTC requires incumbents to offer this wholesale access in order to create competition.

In this model, the wholesale rates are the largest cost component of our business. If the rates are too high, we can't offer competitive resale prices.

In 2019, the CRTC found that wholesale tariff rates charged by the incumbents were massively inflated, and they dramatically reduced those rates. While the incumbents' appeals of this decision to the Federal Court of Appeal, to the Supreme Court and to cabinet all failed, the CRTC reviewed its own decision and reverted to almost the same rates as before the process. Unfortunately, cabinet later rejected several petitions to overturn that decision.

Since then, the higher rates have destabilized this industry. Three of the largest wholesale competitors—other than TekSavvy—exited the market within the year, including VMedia, which was acquired by Videotron. TekSavvy is losing customers and has had to put investment plans on hold, including plans to purchase spectrum. The wholesale regime is failing, and consumers have been paying the price. Internet prices in Canada continue to rise, including 13% annual increases for some of the most popular speeds.

Why is this important? The regulated wholesale rates are the context for the Rogers and Videotron arrangements. Rogers could have provided Videotron with wholesale services using the regulated wholesale rates as for any other competitor, but it didn't. It knew that the current wholesale rates would not pass muster for the competition process, since they would not have allowed Videotron to sufficiently compete. Rogers needed Videotron to be seen as a credible competitor to get its merger through.

Instead, Rogers is offering Videotron lower favourable wholesale rates and terms. By doing this, Rogers is tacitly acknowledging that the current regulated wholesale rates are so inflated that they are not feasible to support competition. It's also showing that it can profitably offer rates below the tariff.

Because of the CRTC's failure to set appropriate wholesale rates, large incumbent carriers can leverage the inflated rates that they fought for to work out deals between each other, with preferential terms that would further harm independent competitors.

In short, the largest telecom merger in history is predicated on unlawful and anti-competitive agreements between incumbent carriers. The Telecommunications Act prohibits carriers from granting an "undue or unreasonable preference" to some companies and not to others.

TekSavvy has asked the CRTC to review the Rogers-Videotron wholesale deal, and we're calling on the minister to not approve the deal until the CRTC has made its decision. If our application is suc-

cessful, the CRTC could void the Rogers and Videotron side deal, or it could require Rogers to offer those same terms and discounts to all competitors.

If we had a properly regulated, robust and effective wholesale regime, we would not need a patchwork of side deals or 10-year behavioural commitments for rates and terms.

● (1425)

If we had workable regulated rates like the lower 2019 rates, Rogers merging with Shaw wouldn't have the same impact, because consumers would have their choice of affordable and competitive options.

If the government addressed the unjust wholesale rates, wholesale competitors would be able to offer lower prices on what is now an essential utility for consumers. This would give consumers' pocketbooks some much-needed relief in today's cost of living crisis.

Thank you again. We look forward to your questions.

[*Translation*]

**The Chair:** Thank you very much, Mr. Kaplan-Myrth.

We will start our discussion without further ado.

Mr. Williams, you have six minutes.

[*English*]

**Mr. Ryan Williams (Bay of Quinte, CPC):** Thank you, Mr. Chair.

Today we have heard from quite a few experts. We're obviously looking at the whole convoluted, complicated situation that we're in. We're looking at a big merger here in Canada.

One thing I start thinking about is how we get the fundamentals right. We're looking, really, at competition as a whole across Canada. Why is competition important? It's because when we have competition, Canadians have choices. They have better service and better prices. That's evidently what should be at the top of all of our minds as parliamentarians right now, especially going through high inflation.

When we look at this, we hear from academics and from experts on the Competition Act who are saying they have done this or they have done the other. The fact of this case that I find most alarming and that concerns me is that Rogers, in looking to buy an asset or a competitor, was given carte blanche in picking who its competitor would be. Rogers, the number one market share holder in telecommunications in all of Canada, was allowed—and Shaw gave it the full authority—to freely go and pick who its competitor would be. Maybe more importantly, it was allowed to decide to pick who it wouldn't be dealing with.

Globalive is here. Distributel is another one, and there might have been others.

Mr. Lacavera, in your own words, do you feel that the divestiture process was fair?

• (1430)

**Mr. Anthony Lacavera:** From our perspective, the process was secretive and closed-door. We were not included in it.

Our offer in the end was \$900 million higher than the offer Rogers accepted. That's simply because we have a track record of actually competing.

When a company like Rogers is able to select who its competitor is, of course its job—from the ownership's and leadership's perspective—is to select the weakest possible competitor it can that will get approved by government.

Again, this is why we really think government needs to intervene and oversee a fair, open and transparent process.

**Mr. Ryan Williams:** It wasn't just you. Distributel, as far as you know, was another....

**Mr. Anthony Lacavera:** Yes. My understanding is their offer was even higher than ours.

**Mr. Ryan Williams:** There were others that weren't engaged at all with that divestiture.

**Mr. Anthony Lacavera:** That's our understanding.

**Mr. Ryan Williams:** A lot of Canadians would be alarmed to hear—when we're looking at side deals—that there were a lot of other aspects to this deal.

Mr. Klass, you talked about the share of complementary resources that Videotron would have had with Rogers at the time. In your opinion, can Videotron achieve success with Freedom without the complementary resources they have access to in different markets in Canada?

**Mr. Ben Klass:** The fact that Videotron becomes reliant on Rogers for certain types of access puts Videotron in a difficult position.

First of all, we don't know the exact facts of the nature of those access agreements. It's going to have to go to the CRTC to see just how preferential or discriminatory they are.

The fact is that Videotron is relying on Rogers to provide those types of services. That gives Rogers a substantial measure of control. It is essentially inviting Videotron into the club.

Part of the Competition Bureau's stance in this market is that a maverick competitor—a competitor that does not move with the flock—is the best way to achieve competition.

In your initial question you asked how we get back to basics on getting competition and good prices in this market. One answer to that is to remove the dominance of the original providers. These are companies—Rogers, Telus and Bell—that have been in the market for 30 years. They are firmly in control of it. They have maintained a 90% share over even the 10 years of a fourth-carrier policy. I think it's very important that you have a competitor that's not reliant in this way on one of the dominant providers.

**Mr. Ryan Williams:** Mr. Lacavera, you have some experience from your Wind Mobile days, so I will ask if you agree with Tek-Savvy that the special network access rates that Rogers has given Videotron are illegal under the Telecommunications Act?

**Mr. Anthony Lacavera:** We don't know the specifics right now, but certainly it would seem that during the Competition Tribunal proceedings, they were very clear about how favourable the rates were.

It's pretty clear that Videotron is going to need those preferred rates to be able to compete outside of its core cable footprint. They have the benefit of a network in Quebec. They don't have the benefit of any brand equity or any network outside Quebec.

**Mr. Ryan Williams:** Do you feel you could have been offered those same rates if you were engaged with them, or do you think that was a special offer?

**Mr. Anthony Lacavera:** Rogers doesn't want to see any real competition in the market. I think we would have been challenged to get access to those rates, but in their desperation to try to get the merger approved, we don't really know what Rogers would have offered. What they ultimately offered to Videotron needs to be drawn out now in a proceeding with the CRTC, to see if it actually is undue preference and illegal.

**Mr. Ryan Williams:** Mr. Kaplan-Myrth, if the CRTC approves the challenge of the Rogers rate deal with Videotron and declares it illegal under the Telecommunications Act, what does the Competition Tribunal's decision look like, given how much emphasis is put on the rate and the tribunal's approval of the merger?

**Mr. Andy Kaplan-Myrth:** If the CRTC ends up throwing out that deal—if it ends up being illegal—then it wouldn't be able to form the basis of Videotron's ability to compete on wireline, wherever that deal is being offered to it. Again, we know very little about that deal. Presumably, out west at least, Videotron wouldn't be able to use existing wholesale regulated rates to compete. It wouldn't be a viable competitor on that, and it would mean that the tribunal's analysis about Videotron's ability to offer bundled services wouldn't be valid anymore. It wouldn't be current.

**The Chair:** Thank you very much.

We have Mr. Dong for six minutes.

• (1435)

**Mr. Han Dong (Don Valley North, Lib.):** Thank you very much, Chair, and thanks to the witnesses for coming today.

My first line of questions is for Mr. Lacavera.

Mr. Lacavera, you talked about how anti-competitive the remedy was, but I can't help asking how Freedom under Globalive would be different from Freedom under Quebecor. What are some of the practical differences that your proposal would put in place that would be beneficial to consumers?



**Mr. Anthony Lacavera:** I did not say that the remedy was anti-competitive. What I said was the merger is anti-competitive, and it must be stopped. Then what we are recommending is that the government oversee a fair, open and transparent process to determine who is the right acquirer of Freedom for the benefit of Canadians and to ensure the best outcome for Canadians.

However, to differentiate ourselves versus Quebecor, Globalive has a 25-year history of building independent telecom competitors. By “independent”, what I mean is we don't have any legacy cable or phone business to protect. We were an independent competitor not owned by a cable or phone company. Wind Mobile, when it was under our ownership, was an independent pure-play wireless company. That means we didn't have any legacy cable or legacy telephone business we were looking to protect.

**Mr. Han Dong:** Can I understand this as meaning that you would be investing in new networks?

**Mr. Anthony Lacavera:** Very much so. In addition to the up-front purchase price that we offered for Freedom Mobile, we of course would look to participate in upcoming auctions and invest in network. I mentioned rural and indigenous communities and broadly that we need to have affordable, accessible wireless networks for all Canadians. That was our original business plan with Wind. We only got as far as Ontario, B.C. and Alberta before, as I mentioned, we were dragged into a sale to Shaw.

**Mr. Han Dong:** In this case, you weren't invited by Rogers to enter a bid for Freedom. Is that true?

**Mr. Anthony Lacavera:** No, it was quite the opposite. We were pursuing Rogers and had made our interest known, and Rogers did not want to entertain our offer.

This committee may hear from Rogers shortly that it could not entertain our offer because we did not enter an NDA with them. This is untrue. Rogers proposed an NDA to us that was tantamount to shutting down our proposal and bid before it even started. It gave Rogers unfettered veto over our capital partners, over our advisers. It was a gag order in terms of discussing anything with government, or publicly, about our proposal. Our bid would have been shut down before it started. We would not be sitting here talking to you today had we signed that NDA. We did sign an NDA back to Rogers, one that was a market standard NDA that would have protected all of its confidential information.

That said, we did not need to even have an NDA. We made an offer on an unsolicited funded basis anyway, because of our knowledge of the business. We built the business.

**Mr. Han Dong:** I was going to ask you that question, so thanks for providing that extra information.

How would Globalive be less dependent on Telus and, by extension, on Bell, than Videotron would be on Rogers?

**Mr. Anthony Lacavera:** They're totally different propositions. We are jointly investing in a shared network. We would first be acquiring spectrum—should we be successful in winning the government's process to acquire Freedom—and contributing it to a shared network with Telus, then contributing spectrum and network on an ongoing basis into that sharing agreement, so—

**Mr. Han Dong:** I want to give a bit of time to Professor Iacobucci.

Professor Iacobucci, you heard the testimony and, to your earlier comment, you think the decision was fair, but obviously the testimony in the last couple of minutes says the opposite. How would you assess that? Are there any recommendations to lawmakers like us on whether the Competition Act is sufficient and, if not, how we would improve it?

**Mr. Edward Iacobucci:** There's a lot there. Let me say that ultimately, when somebody said that Rogers got carte blanche on picking its competitors, I don't think that's quite fair to the tribunal's analysis of this. That is, the tribunal took very seriously the commissioner's argument that Videotron would not be an effective competitor. It went through, I think, quite a bit of detail about its reasons for concluding that Videotron might well be an effective competitor.

I would take a bit of an issue with the idea that it's carte blanche, because part of the competition hearing was in fact an assessment of Videotron's capacity to compete going forward.

Another thing that has come up in the discussion so far is this idea of wholesale rates and Mr. Kaplan-Myrth's comments about those. I'm agnostic on that question about whether the CRTC has this right or wrong, but I will say this: It's a really tough thing to get right, so I don't envy the CRTC's task on that. It's a difficult one.

At the same time, it is interesting to hear the comments from Globalive. On the one hand, you have TekSavvy saying it would be impossible. The current rates are making it impossible to compete, and then—

• (1440)

**Mr. Han Dong:** I'm sorry; I have to stop you there. You said the tribunal itself was the process to prove Videotron's competitiveness, but the result doesn't say that it's the most competitive proponent. Is that right?

**Mr. Edward Iacobucci:** That's quite right. The purpose of the law is not to get into fine-tuning what happens in markets. Competition law, I think, starts from the proposition that—

**Mr. Han Dong:** Then do you think that allowing all—

**The Chair:** I'm sorry, Mr. Dong; I have to stop you there because your time is up.

[*Translation*]

Mr. Lemire, it's your turn now, and you have six minutes.

**Mr. Sébastien Lemire:** Mr. Chair, I will again refer to Project Fox.

In the opening remarks, I heard that this project was supported by the New Democratic Party, among others. There is something about Project Fox that comes up often, namely, being able to continue to pursue this strategy of dominance, particularly with the leader Jagmeet Singh who will be able to ask the prime minister about the “kill, shape and slow” strategy during question period. This is loaded vocabulary, especially when they act that way in committee.

I also heard in the opening remarks that Telus, Bell and other stakeholders, including academics, have been putting on the pressure in this case. A document made public by the court indicated that one of these third parties is in fact the Canadian Media Concentration Research Project at Carleton University.

My question is for you, Mr. Klass. Have you had any contact with Telus? Have you distanced yourself from the use of your intellectual property or of your judgment, in this case?

[English]

**Mr. Ben Klass:** I have never taken money from Bell or Telus. Like most people, I give them my money.

I have already seen that document. I think they identified stakeholders they would seek to co-opt. I met with people from Telus on one occasion, an academic named John Gannon, to discuss a white paper it published about spectrum policy. There was never any exchange of money. This topic of the merger did not come up. I'm 100% independent in the comments I provide today.

I think, if you go through the record of things I've said in public and published, you'll see that it doesn't matter what colour the brand logo is. I generally oppose anti-competitive or unfair behaviour by those companies.

[Translation]

**Mr. Sébastien Lemire:** Thank you for clarifying this. I think it was important to give you a moment to clear your name, in a way, in this regard.

In your editorial for the *Globe and Mail*, you stated that Québecor, or Vidéotron, was the best possible solution to ensure competition and be the fourth player in the telecommunications market. You also mentioned that Vidéotron had been very successful in Quebec, in particular by providing a reliable presence in the market and reducing its prices.

Does the fact that prices are considerably lower in Quebec demonstrate that Vidéotron was agile in a sense and was able to seriously address consumers' needs and expectations by pushing prices lower elsewhere in Canada?

[English]

**Mr. Ben Klass:** For years, in the yearly reports published by the Canadian Media Concentration Research Project, we've done an analysis of provincial markets for mobile wireless service. I'm chiefly responsible for that section. I definitely agree that Quebec in recent years, due to Videotron, has set an example of the type of competition that could emerge from the fourth carrier policy.

That being said, the equation changes slightly when Videotron leaves Quebec. To be clear, I would like to see it succeed. If

Videotron steps into the role that Freedom did, there is a chance it could do so.

I would like to see outcomes that are beneficial for consumers. However, there's a substantial risk that in transferring Videotron into the shoes of Freedom—but removing, chiefly, its connection to the underlying broadband facilities that it has available in its home province, and replacing that with these agreements with Rogers—it places Videotron in a completely different position in the rest of Canada.

While I would like to see it succeed, what I've seen in the past—and this is going back to the days of the rotary phone—is that companies like Bell or Roger have these arrangements whereby smaller companies depend on them, and they can use these to squeeze and eventually crush them. With Videotron moving into the rest of Canada, I worry it's so dependent on Rogers that it won't have the strength it has in Quebec, and that it won't be able to have the effect it's had there.

• (1445)

[Translation]

**Mr. Sébastien Lemire:** Let's talk about the future of this agreement. If you could impose conditions in the western provinces, which ones would be needed for Videotron to succeed in lowering these prices, in your opinion?

What do you think of the conditions other players such as Bell and Telus would have to meet, and also show that they can negotiate lower rates and are also acting in good faith?

Should that be demonstrated at this stage?

[English]

**Mr. Ben Klass:** My position is that the best way forward to promote competition is to block the merger and allow the companies to compete on a market basis.

[Translation]

**Mr. Sébastien Lemire:** I have a little bit less than one minute left.

Mr. Iacobucci, do you wish to respond to these questions?

What conditions should be imposed on Videotron so that it can succeed in pushing prices lower?

[English]

**Mr. Edward Iacobucci:** Again, coming at this from the perspective of competition law—which is where I come at it from—I think what the tribunal did was a careful assessment. This was not a sweetheart deal by Rogers in order to protect itself from future competition. The tribunal took the commissioner's argument seriously that Videotron would potentially not be as vigorous a competitor. It analyzed that carefully and came to the conclusion that Videotron has a history of success and there's no reason to think its success would not continue post acquisition.

From a competition law perspective, I think the tribunal discharged its duty exactly in answering those questions about the vigorous competition remaining.

[Translation]

**Mr. Sébastien Lemire:** Thank you very much.

**The Chair:** Thank you, Mr. Lemire.

Mr. Masse, you have six minutes.

[English]

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Mr. Iacobucci, I'll continue with you.

If, right now, Videotron was to do what you're saying and be more assertive with the rollout, as has been promised, it would be counter to its previous business model. This is going back to 2013, when it sat on a spectrum auction, and the successful bidding it got in British Columbia, Ontario and Alberta. What makes you confident that this time it's going to perform in the market?

Secondary to that, if it doesn't, what legal means can the government use to bring it back in line?

Lastly, would there also not be the potential that it could be bought out in the market in the future?

**Mr. Edward Iacobucci:** I'll answer the last one first, because I think in some sense that's the easiest one to deal with.

If there's a proposal to acquire Videotron in the future by one of the players in the market, there will be competition questions surrounding that acquisition. Again, the competition law institutions that we have in this country are well equipped to address the question of whether a future acquisition would reduce competition substantially.

To your first question, on what makes me think that, I'm not going to purport to be an expert on Videotron's business history or the particulars of its model. I understand where your skepticism, which I think underlies your question, may well come from. At the same time, I am confident that the tribunal did a very thorough assessment of what it heard. It was a thorough weighing of the evidence. The commissioner had an opportunity to make its claims, that we should not anticipate Videotron's being as successful as Shaw might be without the acquisition going forward. I think it was fully vetted. The conclusions seemed reasonable, from where I sat.

It's also important, though, and I would acknowledge, that although it's an assessment the tribunal made with a certain degree of confidence, predicting the future is always going to be difficult. This is something that the tribunal also alluded to. When you ask what happens if it doesn't work out, well, this is actually an area in which, if this merger isn't as competitive as we might hope, there is regulatory oversight. The CRTC could make certain decisions, including withdrawing forbearance, if it wished.

• (1450)

**Mr. Brian Masse:** Thank you. I have to move on to Mr. Klass, I think, because I directly wanted to know...and the answer is that there is nothing, really, that we can do. I appreciated your intervention, but I have limited time here.

Mr. Klass, I guess what I'm worried about is this. If Videotron was later on to be looked at as a potential takeover from somebody else, or a merger, I don't have a lot of confidence, because when

you look at the history, Bell acquired MTS. Telus bought Public Mobile. Rogers bought Fido. Shaw bought Wind Mobile. Those are just a few of those things, and now we're looking at Distributel and Bell as a merger.

This looks like rearranging the chairs on the Titanic, in many respects, at the current moment. Is taking a pause, really, at the end of the day, probably the best strategy before we lose another chance to try to set things right?

**Mr. Ben Klass:** The answer to that is "yes". While the minister can currently declare that Videotron must hold on to the spectrum for 10 years, if it comes into a position where it says, well, we've decided to exit the business, or our business model has not panned out as we had planned, then they'll be in exactly the position Shaw is in today. Members of boards like the tribunal will be asking, "If we don't approve this merger, what will happen to Videotron?"

Effectively, I think, there will be no ability to stop that spectrum transfer from going forward in the future. The best way of dealing with it is to nip it in the bud today.

**Mr. Brian Masse:** Thank you.

This question is for both Mr. Kaplan-Myrth and Mr. Lacavera.

Where I'm from, right now we have a couple of things. First of all, I'm in Windsor, Ontario, right across from Detroit, Michigan, so we're also benefiting from many roaming charges that people have to deal with. Second to that, it's the auto industry capital of Canada. Over the years, we've seen non-tariff barriers that have stopped Canadian exportation of vehicles into, for example, South Korea. You can legally send them there without tariffs, but there are things governments do to actually block servicing of the vehicles and so forth, so it makes it difficult to be a consumer purchaser.

I'd like your comments with regard to other potential barriers out there for a new competition to come in, whether it's sharing of cell-phone towers or other types of mechanisms that are currently in place. I mean, we have disruptions that can take place by the incumbents from not even doing the things that are supposed to happen right now.

I'll start with you, Mr. Andy Kaplan-Myrth, and I'll ask you to leave some time, please, for Mr. Lacavera.

Thank you.

**Mr. Andy Kaplan-Myrth:** I'll speak very briefly on this, because really I can speak only to our experience on the telecom side.

The common theme is the overarching power of dominant providers who control the market and really control all the levers for smaller businesses who are trying to compete in that space. In our space, that is primarily about wholesale rates, which I've spoken to. It is also right now around access to fibre-to-the-home networks. That's a major challenge that we face, in particular with Bell, which has largely shifted to fibre-to-the-home networks. The wholesale industry is essentially abandoned on the old legacy DSL technology, because the CRTC has not advanced its framework one iota since 2017 to allow wholesale access to fibre to the home. That's also part of our challenge, or plays into part of our challenge, to the CRTC.

There are other ways that the dominant providers control access, to poles and things like that, but those are our primary concerns.

**Mr. Brian Masse:** Thank you. I'll turn it over to Mr. Lacavera for the last of my time.

Thank you, Mr. Chair.

**Mr. Anthony Lacavera:** We're at a really critical moment. The only thing standing between this anti-competitive merger and Canadians is the minister. The minister has all the latitude he needs to just say no to the merger. As I said earlier, there's nothing anti-Videotron about that. Canadians deserve a fair, open and transparent process to ensure that we have a competitive framework, to ensure we have the right owners of Freedom, to ensure that when they're asking questions about what Canadians can see looking forward in terms of a competitive market, they can have the confidence that it's there.

All that's happened so far is a secretive, closed-door deal between Rogers, Shaw and Videotron. Canadians have no idea what the outcome of that's going to be, but it's overwhelmingly clear that most people are opposed to it.

• (1455)

[Translation]

**The Chair:** Thank you, Mr. Lacavera.

We will now begin the last speaking round. The Liberal Party and Conservative Party will have four minutes each, while the Bloc Québécois and NDP will have two minutes each.

We will start with Mr. Vis.

[English]

**Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC):** Thank you, Mr. Chair.

With my short amount of time today, I'll be addressing my questions to Globalive. I'm going to state the questions first, then hopefully you can provide some answers.

We've heard a lot today about the ability or the potential of Videotron to be a real fourth carrier in our Canadian oligopoly. What I haven't heard from Globalive today is why you sold Freedom Mobile in the first place, and what would make you a better fourth competitor than Videotron, specifically because we've heard that Videotron would be tied to Rogers, but you would subsequently be tied to the Telus network. What's the difference there?

You spoke a lot about your communication with Rogers, yet in the briefing you provided, likely to all of us here in this office, you didn't really communicate to us as committee members regarding your interactions with Shaw. Although you stated that your bid was \$1 billion more than the price offered by Videotron to Rogers and Shaw, your bid is, in fact, different in that it includes, if I remember correctly, the mobile services offered by Shaw that you, of course, had before.

Finally in your briefing you made very serious allegations that since the announcement of the merger, Shaw has starved the Freedom Mobile business while running promotions that essentially give away mobile services to Shaw Mobile customers, with the result that Shaw Mobile has acquired almost half a million sub-

scribers and Freedom Mobile has correspondingly shed hundreds of thousands of customers since the merger was announced.

It's over to you, Globalive.

**Mr. Anthony Lacavera:** I'll go in reverse order.

The results disclosed and the performance of Freedom, I think, are very clear. Shaw is a public company, and Freedom has gone completely sideways as Shaw has stopped competing. The metrics are clear around that. The Shaw Mobile business that's part of a bundle offering, in which the subscribers are being heavily subsidized by home Internet, cable and home phone service, are also clear, so yes, Freedom has bled a lot of its subscribers in that fashion.

In terms of our interaction with Shaw, there has been none. Shaw was in agreements with Rogers that would—we expect and, I think, know—have precluded them from ever engaging with us.

In terms of our interaction with Telus, I'm coming up on 50 years old, and I've never worked for anyone yet. I'm not about to start working for anyone, so there's no scenario in which Globalive is in bed with Telus, working for Telus. That's clearly just not what our history, which is all out there, shows. What is out there now is this idea of a sharing construct with Telus. That is incredibly important for the future of competition in Canada, because we're able to invest and share spectrum with Telus—in a shared network with shared towers and infrastructure—which will enable us to ultimately realize significant efficiencies out of that and pass cost savings through to Canadian consumers in a very reliable way.

**Mr. Brad Vis:** I'll stop you right there. What would be the difference between Videotron and Rogers, doing that versus Globalive and Telus?

**Mr. Anthony Lacavera:** Videotron and Rogers have entered wholesale agreements whereby, to Mr. Klass's points earlier, Rogers ultimately has control. It's ultimately Rogers' network. We're talking about shared ownership of a network into which we've contributed spectrum that we own and contributed to radio networks that we own on a shared basis with Telus. That's the fundamental difference. Are you riding on someone else's network at rates that may be illegal—we'll see where the CRTC goes with that—or are you investing in a shared network? That is the scenario with Telus.

Why did we sell? I said very clearly at the outset that we did not want to sell. We were dragged into a sale to Shaw. The business was doing fantastically as an independent pure play. Our business model was validated and Canadians were voting with their feet. We had almost a million subscribers. We voted against selling.

When the opportunity emerged surrounding this Rogers-Shaw announcement, we immediately reached out to Rogers and expressed our desire to re-enter. The reason Rogers didn't want to talk to us was that we're the only ones that built a successful, independent pure play and actually brought prices down for Canadians in the markets we're talking about. We have national ambitions, and we look forward to getting back at it.

• (1500)

**Mr. Brad Vis:** Thank you.

Mr. Chair, do I have any time left?

**The Chair:** You don't. Thank you, Mr. Vis.

We'll now turn to Mr. Erskine-Smith for four minutes.

**Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.):** Thank you.

Mr. Iacobucci, you referenced the tribunal's and the court's decisions. Did those decisions comment on this wholesale agreement, this additional preference that Rogers is providing Videotron and how that might impact the competitive framework?

**Mr. Edward Iacobucci:** They did make reference to that, yes.

**Mr. Nathaniel Erskine-Smith:** Did they have no concerns?

**Mr. Edward Iacobucci:** They didn't seem to have those concerns.

One thing they noted was that these commitments had been made and would assist in going forward. Videotron had accepted some of the minister's statements about how there would be no transfer of spectrum unless Videotron—

**Mr. Nathaniel Erskine-Smith:** Forget all that—

**Mr. Edward Iacobucci:** No, that also—

**Mr. Nathaniel Erskine-Smith:** That's not the point. The point is that we have a primary player in an oligopoly that is providing a specific preference to a fourth player. At the same time, we're saying that this fourth player is going to be disruptive to the first player.

Don't you see an obvious challenge in that line of thinking?

**Mr. Edward Iacobucci:** This is where I think that if worst come to worst, you've got the CRTC as a backstop when it comes to wholesale pricing, if that's what the issues are. It backs the questions that were raised earlier.

**Mr. Nathaniel Erskine-Smith:** In relation to the wireline assets... We've been focusing all our conversation on the wireless assets. When I look, as a Canadian consumer, at excessive concentration in this sector, I see that 83% of Shaw's business and revenue is actually in the wireline space and Rogers is going to take on even... The market concentration is going to be increased to a significant degree in the wireline space.

As a Canadian consumer who cares about competition, shouldn't I care about that?

**Mr. Edward Iacobucci:** As you know, the commissioner did not bring a complaint about the wireline assets, so it's difficult for me... Again, mergers are fact-intensive exercises. I'm not going to make an assessment from my armchair about wireline competition when I don't have any facts in front of me.

**Mr. Nathaniel Erskine-Smith:** That's fair, but when you have the dominant player in a tightly regulated oligopoly, as a general principle it's likely a bad idea to further concentrate that dominant position, isn't it?

**Mr. Edward Iacobucci:** If they don't compete in any significant way, the fact that they are both significant in their own markets but

don't compete at the moment may suggest that this actually won't hurt competition going forward, in the short term.

**Mr. Nathaniel Erskine-Smith:** That's in the short term, though. We've heard testimony at this committee—repeatedly, actually—that excessive concentration itself hinders competition on a going-forward basis. It might not substantially lessen competition in the short term, but surely we should be concerned about long-term competitive prospects.

**Mr. Edward Iacobucci:** There's a debate about this, as you well know. It gets awfully speculative.

Lots of things can happen in the future. Worrying about competition because while they don't compete now, you never know, they might compete in the future is a pretty speculative basis for legal intervention, in my view.

**Mr. Nathaniel Erskine-Smith:** That's fair, although on the economic analysis, I don't think it's speculation to suggest that concentration hinders competition. That's really what we're talking about.

**Mr. Edward Iacobucci:** Concentration in markets hinders competition. When they're not overlapping or when they're not in the same market, it's not obvious that becoming bigger hurts competition.

**Mr. Nathaniel Erskine-Smith:** That's right, but then we define the markets in a very narrow context. In a perfect world, we're talking about expanding some of these players to compete nationally.

Taking a step back, I think you've fairly summarized in some ways the tribunal's and the court's decisions in saying that they came to the right decision on the law.

**Mr. Edward Iacobucci:** Yes.

**Mr. Nathaniel Erskine-Smith:** From a political standpoint though, should we be bound by the competition law in making a decision?

Should the minister be bound by the likely substantially lessened competition, or do you think the minister should be looking in a much more serious, pro-competitive way to see what is best for competition or Canadian consumers?

**Mr. Edward Iacobucci:** I think that the minister has the legal authority, as a starting point, to decide about how to transfer the spectrum. Obviously, as a political matter, there will be political things that feature in his decision-making, which I understand.

There's a lot involved. Mr. Lacavera's point about how essential wireless is to Canada is well taken, so there may be considerations that he may want to bring into play in thinking about whether to transfer the spectrum.

I think that when it comes to competition, the act gets it right by focusing on whether there will be a lessening of competition. I think the tribunal did a good job in applying the act, and the Federal Court of Appeal did a good job in reviewing the tribunal.

I hope that whatever the minister's decision-making is going forward, it focuses on things other than just competition, because I think the competition matters were well addressed already.

• (1505)

**Mr. Nathaniel Erskine-Smith:** The matters were substantially lessons. How do we make it “best”?

Anyway, we're out of time.

Thanks very much.

**The Chair:** Thank you, Nate, and thank you, Mr. Iacobucci.

[*Translation*]

Mr. Lemire, you have the floor for two minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

I want to come back to the document that was filed with the court. If I may, I'll table it for the committee, as it is very relevant to our discussion. The document is in English. Since I can't ask Telus to translate it, allow me to table it as is.

It mentions direct public campaigns to get people to send messages to their MPs. That is what people are encouraged to do on the nomerger.ca site, which was authorized by Globalive.

The document states the following:

[*English*]

“Telus-Globalive network and spectrum sharing agreement announced to boost Globalive's bid to purchase Freedom Mobile”.

[*Translation*]

My question is for you, Mr. Lacavera.

You are also registered as a third-party stakeholder, as the founder and former owner of Wind Mobile.

Have you been in talks with Telus representatives? Did they consult you? If so, what is the nature of this agreement to support Globalive's bid? What is the amount?

**Mr. Anthony Lacavera:** Thank you for your questions.

I will answer in English to be clearer.

[*English*]

We have a spectrum and network-sharing agreement with Telus that is an important pillar of our proposal to acquire the current Freedom Mobile business, formerly our business. In that context, we've entered a spectrum- and network-sharing agreement with Telus.

[*Translation*]

**Mr. Sébastien Lemire:** But we are not talking about sharing here; we are talking about increasing Globalive's chances of having a successful bid. We are talking about cash here.

[*English*]

**Mr. Anthony Lacavera:** I am sorry. I misunderstood.

No. There is no funding of any kind from Telus to Globalive. That is not part of our proposal, and it was not part of our funded, all-cash offer to Rogers for Freedom Mobile.

[*Translation*]

**Mr. Sébastien Lemire:** I understand that you are at the head of a company that is involved in speculation.

How would you be able to live up to the hard, 10-year commitment asked of Videotron if you were to acquire Freedom Mobile?

In speaking about the negotiations with Rogers, you said you had been muzzled.

When did you start negotiations? At what point would the negotiations be considered to be serious if you refused to sign a non-disclosure agreement with the company?

[*English*]

**Mr. Anthony Lacavera:** I'm sorry. Could you repeat the translation, please?

[*Translation*]

I didn't catch that.

**The Chair:** Mr. Lemire, please speak more slowly.

**Mr. Sébastien Lemire:** Yes, Mr. Chair.

I am trying to say a lot in a short time, since this situation is raising many questions.

Mr. Lacavera, I was saying that you are at the head of company that is involved in speculation.

How can you commit to living up to the firm 10-year agreement asked of Videotron if you become the owner of Freedom Mobile?

When did you start negotiating with Rogers-Shaw?

You said you were muzzled during negotiations with Rogers. How seriously can your actions be taken if you are refusing to sign an NDA?

[*English*]

**Mr. Anthony Lacavera:** There are a couple of things there. We did not sign the NDA because the NDA would, in fact, have prevented us from appearing before you today.

We signed an NDA that protected all of Rogers' confidential information, but we took out the components of it that would have prevented us from speaking to government about our proposal, prevented us from talking to capital partners or advisers, and given Rogers veto over them so they could shut our bid down before we even got it out.

[*Translation*]

**Mr. Sébastien Lemire:** Thank you, Mr. Lacavera.

**The Chair:** Thank you very much, Mr. Lemire and Mr. Lacavera.

Mr. Masse, you have the floor for two minutes.

[*English*]

**Mr. Brian Masse:** Thank you, Mr. Chair.

Mr. Klass, there's been reference to the CRTC not only on this panel, but on other panels. It's played quite a dramatic role in the last two years in some of the things that have led up to this moment.

I want to get your opinion about the status of the CRTC right now, if you have any thoughts. There are issues over whether it even has the resources to be able to get through a lot of these things in a timely manner. We've seen decisions taking ages, affecting business plans.

I'm curious, because you don't have as much of a connection as others in the room will have with the CRTC decision-making basis. Could I get your opinion on that, please?

• (1510)

**Mr. Ben Klass:** Yes, absolutely. The CRTC plays a crucial role, or it at least has the potential to play a crucial role in ironing out a lot of these types of problems that we're discussing here today. You could almost view it as sort of an inadvertent push to the CRTC. This conflict that comes out of this decision with respect to wireline rates and the preference that's being given to Videotron may sort of spur the CRTC to take a serious look at fixing this. At this point, we have to wait and see. Things have been very quiet at the CRTC, in particular with respect to what I think are the fundamental telecommunications responsibilities that it has overseen in recent years.

A lot is riding on this policy direction coming from government. A lot is riding on the direction that the new chairperson takes it in. I have always been a big proponent of the CRTC as a method for direct participation in the economy by citizens and people other than self-interested parties like Bell, Rogers and TekSavvy, but it hasn't given us a lot of reason to be confident in recent years. I will qualify my optimism about how things can change with the fact that they haven't been very good there in recent years.

**Mr. Brian Masse:** Thank you for your testimony.

Thank you, Mr. Chair.

**The Chair:** Thank you very much, Mr. Masse.

Thanks to all of our witnesses for being here with us this afternoon.

I will now briefly suspend to enable the other panel to take their seats.

• (1510)

(Pause)

• (1515)

[Translation]

**The Chair:** Good afternoon, everyone.

We are ready to begin the second hour of today's meeting, to discuss the acquisition of Shaw by Rogers.

We welcome Tony Staffieri, president and chief executive officer of Rogers Communications Inc. Appearing with him is Dean Prevost, president of integration.

We also welcome two representatives from Shaw Communications: Paul McAleese, president, and Trevor English, executive vice-president, chief financial and corporate development office.

Also joining us are Pierre Karl Péladeau, president and chief executive officer of Quebecor Media Inc., and Jean-François Lescadres, vice-president, finance, Videotron.

Thank you for joining us, gentlemen. My sincere apologies for the slight delay. This is what happens to the last witnesses who appear at the end of a long day. Thank you for your understanding.

Without further delay, the Rogers representatives now have the floor.

[English]

**Mr. Tony Staffieri (President and Chief Executive Officer, Rogers Communications Inc.):** Good afternoon, Chair and members of the committee. My name is Tony Staffieri, and I am joined by Dean Prevost, president of integration at Rogers.

First, let me say thank you for the opportunity to speak with you. We respect the role of this committee, and we are here to answer your questions.

Today's hearing comes after a lengthy judicial process, one that saw the Federal Court of Appeal reaffirm the decision of the Competition Tribunal.

The court's ruling builds on the decision of the tribunal, which unanimously concluded that the transactions among Rogers, Shaw and Quebecor are pro-competitive.

To quote the decision, "There will continue to be four strong competitors in...Alberta and British Columbia." The decision goes further, concluding that Videotron will be a more disruptive wireless carrier because it can quickly build a 5G network across Freedom's footprint and bundle wireless and wireline services at lower prices than Shaw.

The decision also made it clear that Rogers will inject "a new and substantial source of competition" in Alberta and British Columbia.

In short, these transactions have gone through a rigorous review and will increase competition. To quote the Federal Court, "This was far from a close case." This committee can feel satisfied that no stone was left unturned.

A lot has changed since you first studied this merger and tabled your recommendations. We heard your feedback, and that of our minister. Today we are here to talk about an even better deal. Actually, it is now two deals. The first will see Quebecor, owner of Videotron, acquire Freedom. The second will see Rogers acquire Shaw's wireline business in markets in which we don't compete.

After other remedies were reviewed and clear criteria set out, we determined that Videotron, with its proven track record, significant scale, and credible, rapid path to 5G, was the most viable option to increase competition.

This transaction will increase competition in two meaningful ways. First, Videotron will become a disruptive fourth national carrier, reaching nearly 90% of the population.

Second, Rogers will become a stronger, more formidable wireline competitor in western Canada. Rogers' cable footprint reaches parts of Ontario and eastern Canada. Shaw's cable footprint spans western Canada and parts of northern Ontario. There is no overlap.

As one national cable company, we will vigorously compete with Telus in the west. Yes, the deal will increase wireless competition, but it will also increase wireline competition. That should explain why Telus has been doing everything it can to oppose this transaction.

Let me now turn to the commitments we made in western Canada.

First, we will invest \$6.5 billion to improve connectivity over the next five years. This includes \$1 billion in new funding to connect rural and indigenous communities. We are working with first nations partners, including indigenous-owned providers, and all levels of government to finalize priority projects. We will invest \$2.5 billion to expand our 5G network. We will also invest \$3 billion in network services, including expanding our cable network.

Second, we will maintain a strong presence in western Canada. This includes the creation of up to 3,000 net new jobs to support network investments, with Calgary as our western headquarters.

Third, we will make connectivity more accessible. We will expand Connected for Success, our low-cost, high-speed Internet program, to low-income Canadians across the west. We will also expand it to eligible wireless customers across the country. Together, this program will be available to more than 2.5 million Canadians. This merger will bring together two entrepreneurial Canadian companies that are deeply committed to Canada and Canadians.

As I conclude my remarks, let me leave you with a few thoughts. First, we have taken your feedback.

Second, these transactions have gone through a robust and comprehensive review.

Third, this transaction will increase competition.

Fourth, we will invest substantially to connect more Canadians.

• (1520)

These transactions will deliver more value, more connectivity and more innovation for Canada.

Thank you.

**The Chair:** Thank you, Mr. Staffieri.

Mr. McAleese, the floor is yours for five minutes.

**Mr. Paul McAleese (President, Shaw Communications Inc.):** Good afternoon, Mr. Chair and committee members.

My name is Paul McAleese. I am the president of Shaw Communications. I'm joined by Trevor English, our chief financial and corporate development officer.

As this committee knows well, our industry is more important than ever to the lives and economic future of Canadians. It is also on the verge of a fundamental change in technologies, requiring tens of billions of dollars of additional investment to position Canada for ongoing success in the digital era.

Shaw Communications was founded on a goal of providing compelling choices for Canadians, and we are proud of the customer relationships we've built and nurtured over the past 50 years.

We are also sufficiently clear-eyed to know that the transactions with Videotron and Rogers offer the best path forward for those customers. With these transactions, Shaw's assets will be in the right hands for the long term, addressing Shaw's challenges and, more importantly, setting the stage for sustainable and enhanced competition, affordability and innovation in Canadian telecommunications.

Since we last appeared before you in 2021, much has changed. Many stakeholders, including this committee, expressed concerns about Freedom Mobile's future. In response, last June we announced a very different approach that would see Videotron acquire all of Freedom Mobile. To be clear, Rogers will never own Freedom Mobile. Further, there will continue to be four strong wireless competitors in each of British Columbia, Ontario and Alberta. There is no company better placed than Videotron to extend and amplify Freedom's competitive impact.

The Freedom-Videotron wireless business will be an even stronger fourth carrier, covering over 30 million people. The dynamic, newly empowered Freedom-Videotron will have more than double the customer base—over three million subscribers—and all the tools it requires to compete against the national carriers, including, critically, the 5G spectrum that Shaw does not possess.

As the competition tribunal concluded in a decision unanimously affirmed yesterday by the Federal Court of Appeal, the new Videotron that will emerge from these transactions will be a more aggressive and effective competitor than the present-day Freedom is.

The benefits of these transactions have been proven through a judicial process, so where is the remaining opposition coming from? It's coming from our competitors, and I would ask you to ask yourself why.

The opening paragraph of the tribunal decision provides that explanation, and I quote:



A well-known adage in the competition law community holds that when competitors oppose a merger, it is often a good indication that the merger will be beneficial for competition. In this case, the opposition from the Respondents' two national competitors has been vigorous and far-reaching.

Throughout the past two years, Telus and Bell have been the most vocal opponents of these transactions, challenging them in every forum possible. As a result of the regulatory process, when these transactions close, Telus and Bell will face the competition they fear most.

As you've heard, Telus went so far as to undertake a well-documented corporate campaign, called "Project Fox", seeking to "kill, shape and slow" the proposed transactions. As part of this campaign, Telus conspired to replace Videotron with Globalive as the purchaser of Freedom. Globalive's chairman, Mr. Lacavera, who is very clearly comfortable playing Pinocchio to Darren Entwistle's Geppetto, is an odd choice for an operating partner.

Mr. Lacavera has a dubious record of running a wireless company. I know that because I have unique first-hand experience. I operated what was Wind Mobile after Mr. Lacavera exited the building, and I have a deep understanding of the effort required to fix the many challenges that we inherited. Here is an example.

I suspect that the majority of members of this committee, and many of the people in this room, are representative of the country at large and use an Apple iPhone in their everyday telecom needs. Prior to Shaw's investments, Apple refused to authorize the iPhone on the sale of Wind's network during Mr. Lacavera's tenure there as owner and CEO. This is in sharp contrast to Videotron, a proven strong competitor in wireless. Globalive owns no spectrum assets and has no recent operating experience in Canada's rapidly evolving wireless industry.

The relationship between Telus and Globalive was very clearly disclosed in the subpoenaed documents that Telus provided through the recent tribunal proceeding. What we learned was that Globalive is a very clear surrogate for Telus. Why would Telus go to such lengths to "kill, shape and slow" our proposed deals?

• (1525)

The answer is very simple. As the tribunal held, these transactions will enhance competition in Alberta and British Columbia, where Telus is the dominant provider.

It may be obvious, but it cannot be forgotten: Telus is not interested in creating stronger competition in western Canada.

The rigorous regulatory process has delivered the best possible outcome for Canadians. Further delays very clearly only benefit Telus and Bell, because they prevent the stronger competition that these transactions will provide.

It's time to move forward. These transactions provide a clear path to lower prices, more investment, greater innovation and enhanced competition.

Thank you for your time. We look forward to your questions.

• (1530)

[Translation]

**The Chair:** Thank you, Mr. McAleese.

Mr. Péladeau, you have the floor.

**Mr. Pierre Karl Péladeau (President and Chief Executive Officer, Quebecor Media Inc.):** Thank you very much for inviting us, Mr. Chair. It is an honour to join this committee meeting.

My name is Pierre Karl Péladeau, and I am the president and chief executive officer of Quebecor. My colleague Jean-François Lescadres is vice-president, finance, with Videotron.

About two years ago, I appeared before this committee and stated that Quebecor is the driving force of competition that benefits Canadian consumers of telecommunications services. We showed beyond a shadow of a doubt that consumers come out ahead. This has been the case for about 15 years in Quebec as a result of our wireless service. This has been noted by the CRTC, Innovation, Science and Economic Development Canada and by various market analyses, such as the Wall and Nordicity analyses.

Unlike third-party internet access or TPIA companies, we play an integral role in economic activity by investing billions of dollars in the construction of our landline and wireless networks, while offering very low prices under our different brands, including the most recent addition four years ago of Fizz, a fully digital brand.

We believe there are now a number of conditions that enable us to expand our range of activity and offer telecommunications services in British Columbia, Alberta, Manitoba and Ontario.

[English]

Videotron's offer to Rogers of close to \$3 billion was the only one that checked all the boxes. It's a successful regional player and disrupter with a strong balance sheet, solid experience and an innovative track record. The truth is that Videotron is the only real contender.

It is therefore not surprising to see "the Big Three" fear the disruptive entry of Videotron into the wireless market outside of Quebec.

[Translation]

The Fox project is a striking example of Telus's toxic and Machiavellian tactics, which include an increasing number of court cases, sneaky disinformation campaigns and intensive lobbying efforts to fuel opposition, while at the same time seeking to pit western Canada against eastern Canada. The whole purpose is to defeat competition and the desire of governments to give Canadians favourable and innovative rates and business conditions.

The opposition by Bell and Telus to the transaction perfectly illustrates that Videotron is the best way to provide consumers with true and lasting competition.

[*English*]

Quebecor has built a solid expansion plan to gain a strong foothold in the Canadian telecom market. It was even mentioned by the Competition Tribunal in its recent decision that was confirmed yesterday: “Videotron is an experienced market disrupter that has achieved substantial success in Quebec. It has drawn upon that experience to develop very detailed and fully costed plans for its entry into and expansion within the relevant markets in Alberta and British Columbia, as well as in Ontario.”

We said it when Minister Champagne set out the conditions for the sale of Freedom Mobile, and we are stating it again. Videotron is in it for the long haul and is committed to bringing down prices for the benefit of Canadians.

We did it in Quebec, as confirmed by several reports, as we said. We actually have been doing this for at least 15 years, since we launched our first MVNO offering, which took place in 2006 on Rogers' network.

On top of that, Videotron acquired VMedia last year, which will enable it to offer consumers in British Columbia, Alberta, Manitoba and Ontario discounted multiservice bundles and innovative products, including mobile and Internet, at even more competitive prices. We will bundle on better terms than anyone else, including what Shaw Mobile is offering today.

● (1535)

[*Translation*]

Except for Eastlink in certain communities in Atlantic Canada, all the initiatives launched since the auction in 2008 have failed. Globalive, funded by foreign interests and then purchased by Vimpelcom, a company that is partially controlled by an oligarch who is not permitted to enter Canada at this time, ended up with Shaw a few years later.

Mobilicity, controlled by a U.S. private financial company, has for its part been bought by Rogers, while Public Mobile has been bought by Telus. Quebecor and Videotron have been and continue to be the only companies that can stand up to Bell and Telus. Our plan is simple: to continue to be a success in the wireless market, which is something Canadians need.

The CRTC and the government must also continue to create favourable conditions, the most important being the review of roaming rates and the implementation of the MVNO policy, for full-fledged mobile virtual network operators, and the application of sanctions to stop anti-competitive actions.

Every measure must be taken to serve the public interest and the government's clear desire. Under government and regulatory policies that have been updated and brought into line with those decreed 15 years ago by the late Minister Jim Prentice, we will be the long-awaited fourth national industry player. We must ensure that this government desire is fully respected by national license-holders so that Canadians can benefit from healthy and lasting competition.

Thank you for your attention.

**The Chair:** Thank you, Mr. Péladeau.

To begin the discussion, Mr. Perkins has the floor for six minutes.

[*English*]

**Mr. Rick Perkins (South Shore—St. Margarets, CPC):** Thank you, Mr. Chair, and thank you to all of you for coming to the important hearings today.

I would like to start off for the viewers by outlining that companies, your companies, are built on leasing limited national assets of radio frequencies owned by Canadians. You've been given by Canadians the privilege of access protected from foreign competition. With that comes a responsibility to Canadians to provide service to them at a reasonable cost. The result of this privileged and protected position is that Canadians pay amongst the highest cellphone and Internet prices in the world, and your companies reap monopolistic profits.

Rogers' cellphone net profit margin is 62%, and Videotron's is 65%. Your profit margin shows that it's not the size of the country and the small population that drive up cellphone prices. There is less competition today than there was 10 years ago. Your companies bought up your competitors. As part of your privileged position, Liberals have enabled your lobbying access to officials during the decision-making process at an unprecedented level.

Mr. Staffieri, as CEO of Rogers during this transaction, you personally met with the Department of Industry more than 60 times, five of those times with the minister. I would like to know if you were negotiating the deal directly with the department.

**Mr. Tony Staffieri:** Mr. Perkins, as we went through the process, it was an iterative process in terms of trying to come up with a solution that met the government's objectives. We share your comments and this government's objective of more affordability for Canadians. As you look to pricing at Rogers and for our industry, over the last several years you've seen prices come down, and that's against a backdrop of increasing inflation. As we discuss this, we can provide more details on that, but what I can tell you is that we met with different government officials, and it was really trying to find a solution that was going to increase competition.

What you saw come out of the tribunal process was validated by the Court of Appeal yesterday.

● (1540)

**Mr. Rick Perkins:** Mr. Staffieri, I have limited time, so I appreciate that, but for transparency, will you table your officials'—your executives'—minutes from those meetings with this committee?

**Mr. Tony Staffieri:** There is a process to make the relevant materials public, and we will follow that process.

**Mr. Rick Perkins:** I would appreciate your considering that.

Successful acquisitions obviously require job cuts and generally don't involve job increases. Rogers told the Competition Tribunal that it will realize efficiencies through job cuts in most areas at both companies. In speaking with your company insiders, I'm told that Rogers will cut 4,000 to 5,000 jobs in the combined entity, not the network and temporary jobs that you mentioned earlier. Are you going to cut 4,000 or more jobs?

**Mr. Tony Staffieri:** As a result of this transaction, there will be a net investment in more jobs.

What we do as a company is invest in networks so that we can serve our customers and give them better quality in coverage. That means we have to invest more. That's how we built this company. Our entrepreneurial DNA is to continue to invest more and more into networks.

When you talk about the profit margins that you referenced earlier, most of that cash goes back to investing in infrastructure in this country.

**Mr. Rick Perkins:** I'm sorry, Mr. Staffieri. My question was about job losses, not your profit margin at this time.

Are you going to cut thousands of jobs in this merger?

**Mr. Tony Staffieri:** There will be areas that have overlap, and we will look to redeploy resources in areas that are growing.

We are a net growth company, and we see more opportunity for employment throughout the country.

**Mr. Rick Perkins:** I appreciate that.

Mr. Péladeau, in the past your company has made commitments when it has acquired spectrum licences to expand and create a cell-phone business in western Canada, but in fact you've sold more than 100 of those licences for over \$300 million in profit.

I know you made a lot of promises at the tribunal, but we're a little skeptical. Like with your past promises to the government, you may not do it this time.

Will you agree to be bound by the business plan you have tabled with the Competition Tribunal or lose all of Freedom's spectrum licences?

**Mr. Pierre Karl Péladeau:** We've participated in the spectrum auctions since the first one took place in 2008. At that time—and today—we intended to be a national operator for the reasons that the auction went through the roof. One of the reasons was that Globalive was bidding with other people's money. In fact, it was foreign money at that time. We were caught with spectrum, and all the conditions, therefore, after the other auctions were not all together to make sure that we had the capacity to invest in and build a network.

Today, with the policy that was established by the CRTC.... In fact, this policy came in two years ago already. We call it the MVNO policy, which provides the proper conditions to make sure that a fourth operator, or any sort of operator, will be able to operate.

**Mr. Rick Perkins:** I appreciate that, but my question wasn't about MVNOs.

TekSavvy has launched an application before the CRTC to have a hearing on the supposed undue preferential prices of this deal that have been given by Rogers to your company. If the CRTC rules against you on those preferential rates, and you have to abide by the CRTC rates for access to the network, will you walk away from this deal?

**Mr. Pierre Karl Péladeau:** First of all, we will find out what the CRTC does. We have a new chair right now. I guess it is important for her to make sure they ask if the prices for the TPIA are right or wrong. We don't know at this stage.

We were partnered with Rogers in Quebec. We built networks together and we will continue to do business with them as we have done. This is the reason we have this agreement that we negotiated out of this transaction. It was not easy. At the end of the day, we were able to put together the conditions to make sure this fourth operator will succeed in the future—and this is very important—by investing a significant amount of money.

As Tony Staffieri said, we're a business that's been investing in building networks to make sure Canadians will continue to enjoy one of the best-quality networks in the world.

• (1545)

**Mr. Rick Perkins:** And the highest prices.

[Translation]

**The Chair:** Thank you, Mr. Péladeau.

Ms. Lapointe, you have the floor for six minutes.

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you, Mr. Chair.

I am sharing my speaking time today with my colleague Anthony Housefather.

[English]

My first question is for Mr. Staffieri.

In December you released a statement saying that this merger will “bring more choice, more affordability and more connectivity to Canadians”, and that “the transactions will likely result in an intensifying of competition”.

This morning we heard from the Competition Bureau, as well as other witnesses, that this merger will have negative impacts for lower-income Canadians. We also heard that when it comes to the telecommunications sector, density matters. We know that rural populations and rural communities are often negatively impacted by that.

Can you describe for us today how greater affordability and connectivity will be achieved for these two populations?

**Mr. Tony Staffieri:** Absolutely. We have a commitment to affordability. My colleague Dean Prevost will walk through some of the plans, some of which we've already launched and will continue to launch, to improve connectivity as well as provide more affordability.

There are two principles that I would leave you with at the outset. We are committed to making investments in networks and infrastructure. That's what we do. As a business, we are aiming for better coverage and better quality for Canadians across the country. It may surprise you to know that we are the only wireless carrier that has a national network from coast to coast. That's what we do. We invest in networks.

In terms of affordability, we continue. We get up every day looking for more value-add for our customers. As I stated earlier, you've actually seen prices come down from Rogers over the last several years.

**Mr. Dean Prevost (President of Integration, Connected Home, Rogers for Business, Rogers Communications Inc.):** Thank you, Tony.

Let me add to that on two points. First, let's take affordability, which is so important, as Tony has said. Something that we're bringing to the table that did not exist before in western Canada is something we call Connected for Success. It has two key elements. One is low-cost, in fact substantially discounted at 70% to 80% off—

**Ms. Viviane Lapointe:** Thank you, Mr. Prevost. Unfortunately I have very limited time.

My second question is for Mr. McAleese, but first I would like to point out that as committee members, we appreciate all witness testimony. That includes from such witnesses as Anthony Lacavera, who appeared here earlier today.

I can't help but draw a contrast between Canadians struggling with affordability and seeing some of Canada's wealthiest families gain significantly from this transaction. Shaw employs thousands of Canadians. How are you ensuring that this deal benefits not only the owners of Shaw but also your own employees, who are also challenged by affordability issues?

**Mr. Paul McAleese:** Well, I think as the tribunal found and as was upheld yesterday, this is a very pro-competitive series of transactions. The recent CPI data that was released by Stats Canada last week demonstrates that we're seeing considerable advances in the affordability of telecom across the board. That, of course, applies to not just our employees but also Canadians writ large. I think our employees are representative of the broader Canadian population, which is seeing really material increases in the quality of the over-all service.

It's often lost that while we tend to focus very specifically on pricing in the Canadian market, at the same time we're seeing massive advances in the quality of those networks, be it from 3G to 4G to 5G, or in the massive advances in the upload and download speeds available with our wire line. All Canadians get to take advantage of those advantages.

**Ms. Viviane Lapointe:** Thank you, Mr. McAleese.

The floor is yours, Mr. Housefather.

[*Translation*]

**The Chair:** You have the floor, Mr. Housefather.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Thank you very much, Mr. Chair.

[*English*]

First of all, thank you for giving me some time, Viviane.

Mr. McAleese, I just want to echo Madam Lapointe's comments. I don't think attacking other witnesses is very appropriate.

By the way, it's nice to see so many Anthonys on the panel.

My first question is for Rogers. I want to ask a question about the NDA that Globalive talked about. I used to be the general counsel for a multinational. I'm very well aware of what NDAs are normally signed at the beginning of the process. Is it true that you asked Globalive in that NDA not to engage with government, and to identify to you and give you veto power over any investors in the transaction?

• (1550)

**Mr. Tony Staffieri:** As part of the divestiture process that we undertook, Rogers together with Shaw, this was a sale of Freedom wireless—a large, complex transaction—and as you would expect, we went through a very rigorous and comprehensive process to solicit bids and vet those bids relative to the criteria that the government set, and that they wanted to see, as a robust fourth wireless player.

It's standard, as part of that process, that all bidders sign standard NDAs, non-disclosure agreements, to prevent sensitive information from being disclosed. Those are standard, and—

**Mr. Anthony Housefather:** Mr. Staffieri, I understand very well that they sign standard NDAs. What I'm saying is that the elements identified by Mr. Lacavera in his testimony are not standard in the NDA at the beginning of this type of process. Is it true that the NDA required them not to speak with government, and to identify to you and give you veto rights on investors? That would not be in a standard NDA.

**Mr. Tony Staffieri:** The NDAs we deployed were standard NDAs that are used in the industry that all the other bidders signed in order to gain access to sensitive information in the data room. They are very standard in the industry, and those are the ones we deployed for this sale process, for all the bidders, as I said.

**Mr. Anthony Housefather:** Did the other bidders sign your standard NDA with no changes?

**Mr. Tony Staffieri:** There were very minor changes, if any. Today we stand here looking at two transactions, one of them being Videotron acquiring Freedom wireless. Mr. Péladeau can speak to the NDA he signed, which is the standard NDA that all the other bidders signed.

[Translation]

**The Chair:** Thank you, Mr. Housefather.

You have the floor, Mr. Lemire.

**Mr. Sébastien Lemire:** Mr. Chair, let me begin by saying that it would have been very interesting to have Telus representatives here with us today. I had asked the clerk to invite them, so if they are not here they must have declined our invitation.

Mr. Péladeau, my next question is for you.

When you purchased Freedom Mobile, you received mandates and promised many results, such as reducing prices by about 20%.

Can those mandates really be fulfilled?

How can we be sure of your willingness and ability to fulfill those promises, which many people have called into question, especially today?

**Mr. Pierre Karl Péladeau:** Thank you, Mr. Lemire.

There are not 42 ways to succeed and we know full well that the issues surrounding rates are extremely important to the success of a company.

In Quebec, we have certainly had a range of services: cable distribution, Internet, landline telephone and wireless telephone. To achieve our current share of more than 23% of the market, we offered Quebecers prices below the industry norm.

That is especially true since we launched Fizz, a fully digital network, as I mentioned in my opening remarks, which is cost-effective and less expensive than our main brands. That is certainly the strategy we will use for the regions and markets that Freedom Mobile currently covers and for the markets it could cover in the years or decades ahead.

So we will indeed reduce rates and use innovation and client service, which is so important, in order to be as successful as we have been in Quebec over the past 10 or 15 years.

**Mr. Sébastien Lemire:** What guarantees can you offer the minister or the public that you will live up to your commitments?

You said that public policies have changed recently and are now more favourable to competition, which will allow you to keep rates low.

What would prevent you from lowering your rates in Quebec now?

• (1555)

**Mr. Pierre Karl Péladeau:** Our rates in Quebec are among the lowest in Canada. Let me give you some examples. For the same cellphone with six gigabytes of data, our subsidiary brand, Fizz, offers a bundle at \$39 per month in Quebec and \$45 in British Columbia, Alberta and Ontario. Virgin, Bell's subsidiary brand, offers the same package at \$65 per month in Quebec and \$80 per month in the other provinces.

I find it amusing to look at Canadian newspapers, especially the Postmedia ones—they all look the same. Bell places the same ads as in Quebec, the only difference being the price. It is \$15 to \$20 cheaper in Quebec.

Such a significant price gap, which ranges from 20% to 35%, means that all the players need to offer products that grab people's attention. Our low prices and client service have enabled us to reach our current market share.

This is not an original strategy. It is used all over the world and in all kinds of industries. We do not claim to be very original. On the other hand, I think our approach is very successful.

**Mr. Sébastien Lemire:** I am curious about something. You bought VMedia in August. The tribunal viewed that as proof of your ability to expand and be competitive.

How could VMedia help you achieve your objectives?

**Mr. Pierre Karl Péladeau:** VMedia is a provider of Internet services and of regulated and unregulated television services that is already present in various regions, including Vancouver, Alberta, Manitoba and Ontario. We thought it would certainly be an asset for us to group a number of products together, as we have successfully done in Quebec, by offering what we call bundles.

The acquisition of VMedia gives us the opportunity to do that. In accordance with the requirements for companies that purchased spectrum at the last auction, we are required to build a network in the next seven years that will enable VMedia to transition from a mobile virtual network operator to a company with its own network. We have always considered that an asset for the company and a sign of success.

As I said, we branched out into wireless services in 2006 on the Rogers network, with the intention of taking part in auctions, purchasing spectrum and building a network. That is what we have done and why we still today have the largest market share of new subscribers in Quebec.

**Mr. Sébastien Lemire:** Thank you. My time is up.

I would also point out that Abitibi-Témiscamingue is not currently served by Videotron and that, when you plan your expansion, it would be helpful if you could create competition elsewhere in Quebec.

**Mr. Pierre Karl Péladeau:** Thank you, Mr. Lemire, allow me to correct you.

On the contrary, we have launched a third-party internet access or TPIA service on the Bell network, since Bell has a monopoly in Abitibi. We intend to build our own network and then migrate our current customers who have the TPIA rate to that network, as we do for all our clients in Quebec.

**Mr. Sébastien Lemire:** Thank you very much.

**Mr. Pierre Karl Péladeau:** You're welcome.

**The Chair:** I would feel lost at the Standing Committee on Industry and Technology if Mr. Lemire did not mention the situation in Abitibi-Témiscamingue at least once, which is his role.

Thank you, Mr. Lemire.

Mr. Masse now has the floor for six minutes.

• (1600)

[*English*]

**Mr. Brian Masse:** Thank you so much, and thank you to the witnesses for being here.

As the New Democrat on this committee for 15 of my 20 years in Parliament, I've seen a lot of companies come and go. I've seen a lot of promises being made. I want to remind the public, in the process here, that having the tribunal panel was a political decision. It was made by legislation. It's not a pure system by any means; it's an appointed process.

To hammer that point through, under Bill C-27 this committee will also have to consider another tribunal creation, which could potentially undermine the Privacy Commissioner. I want to make it clear that upholding the tribunal's decision is not independent of politics in itself. It's shaded in its birth of being part of political decision-making. That's one reason I think the minister still has a lot of choices here.

I want to note a couple of quotes that I have here. Mr. Péladeau, in 2009 you said that in terms of spectrum, you didn't have any plan for now and you felt there's a great value that will become an even greater value.

In 2013, your colleague, Mr. Dépatie, said that as for the spectrum, Quebecor had acquired Ontario, Alberta and British Columbia and “could not pass up the opportunity” to acquire high-value spectrum at such an attractive price. That was a carve-out that was done specifically.

Lastly, another of your colleagues, Mr. Dion, said, “Today's licence acquisitions [in Ontario, British Columbia and Alberta] continue our strategy of buying spectrum at advantageous prices, mainly to support Videotron's operations in Quebec.”

From that time period, you didn't provide a lot of rollout. Even ISED noted that you left 83% of rural residents in the area with no coverage.

During this process we've had COVID, where this is very serious for other businesses and also to the pocketbooks of people. Also, the areas of schools, business and telehealth were left without competition. They were left with higher prices, and sometimes they were left with no services.

My question to you is this. What makes us believe that now, at this point in time, you're actually going to be in the race and you're actually going to compete?

When there's no actual way for us to follow through with any type of punishment if you don't, what makes it comforting for those people who were left behind when Quebecor didn't act on the spectrum it acquired? More importantly, it actually acquired income and revenue from that spectrum that was provided for it.

It's a situation that I think is pretty serious. It's one that has to be answered to, because if we are going to have a disrupter—that's

what the tribunal noted—it has to be one that will actually be in place and be forward-thinking.

**Mr. Pierre Karl Péladeau:** First of all, I would say that after buying spectrum in 2008, we've been investing a significant amount of money to build the network that we've built in Quebec and in servicing what we have today, which is roughly 23% of the market. That's significant against a very competitive market.

We have three companies and eight brands. We're looking to do the same. We're going to pay \$2.9 billion to acquire Freedom.

As you probably also know, in the last auction we invested roughly \$450 million, which was paid to the Government of Canada. Therefore, we really have skin in the game here. It's significant in terms of the money we've been investing.

We have a responsibility to our shareholders. We will continue to make sure that at the end of the day they will be able to benefit from the growth we've been able to provide for them. We'll also be able to service the customers we are now providing service for in the regions that we will now cover with the acquisition of Freedom.

**Mr. Brian Masse:** Your loyalty, of course, is to.... I don't blame the companies for doing what you have done. It's a system that's regulated by us at the end of the day, in terms of Parliament, because the spectrum is a public asset.

I still have concerns about not recognizing.... The cost has been talked about a lot here in this situation, but the products and the services you have that didn't get rolled out hurt people economically or limited their capability to participate in society.

I'd ask all of the companies here to respond to what they feel their obligation is, in the future and in the past, in actually not acting on spectrum.

Perhaps you could all respond by telling us how much spectrum you didn't actually activate and that you left out there on the market with less competition.

If we could go across the board, I'd appreciate it, please.

• (1605)

**Mr. Tony Staffieri:** I'd be happy to start, MP Masse.

At Rogers we have always invested in spectrum. Over the last eight years alone, we invested over \$8.5 billion in spectrum. We've invested more in spectrum than any other Canadian wireless player has over the years.

We quickly deploy that. Most recently we acquired 5G spectrum, and you saw us roll that out in 5G and 5G+ across the nation, as quickly as technology and permitting would allow us. It's in our interest to deploy that spectrum aggressively.

**Mr. Brian Masse:** Who wants to go next? I'm looking for what spectrum you didn't deploy.

**Mr. Paul McAleese:** Mr. Masse, Shaw has met the licence conditions for all spectrum that it has ever acquired.

**Mr. Brian Masse:** You met the licence conditions, but did you actually not deploy spectrum?

**Mr. Paul McAleese:** Well, licence conditions are exactly what they imply. We have met all the conditions.

**Mr. Brian Masse:** Right, but that doesn't mean you have deployed and used all your spectrum. That's what I'm—

**Mr. Paul McAleese:** Appreciate, Mr. Masse, that some of the spectrum is still well within its licensing period in terms of the need to deploy. We have a period of time in which we're allowed to deploy it under the conditions of that, and we have met all of those obligations.

**Mr. Brian Masse:** I'll turn it over soon, but this is a good example of the frustrations Canadians feel, because I have asked specifically about whether you have actually used all your spectrum, but what you're saying is you're meeting the obligations. We all understand that, because we know that the government actually doesn't really push this very hard and we haven't seen much action in the past.

I was wondering whether or not the Shaw spectrum, or some of it, might be languishing somewhere and not competing. That's a legitimate thing because it's a public asset.

Mr. Péladeau, what percentages are you sitting on with spectrum? If you're not, if you've deployed it all, I'd appreciate knowing that.

Thank you.

**Mr. Pierre Karl Péladeau:** We haven't deployed all the spectrum we bought for the province of Quebec. We've been there. The last one was the 3,500 megahertz, which will be the key driver for 5G, and all companies in Canada are deploying it. Some are deploying it more quickly than others are. We're certainly also in the same game.

The spectrum we have not deployed was deployed after the sale by Rogers and by Shaw. They acquired the spectrum we bought but didn't use because of improper conditions in terms of commercial.... As I said, now the conditions are all together. The MVNO policy by the CRTC was established in 2021. The TPIA policies are also available to make sure that conditions are met and to provide success for new operators.

[*Translation*]

**The Chair:** Thank you, Mr. Péladeau and Mr. Masse.

Mr. Généreux, you have the floor for five minutes.

**Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC):** Thank you, Mr. Chair.

Thank you to all the witnesses.

Mr. Péladeau, I hope you have a sense of humour, in spite of the serious purpose of this committee. As a Quebecker, I am very happy and proud to see you and your company invest in another country. I think you know what I mean.

I have a number of questions, so I would like you to answer quickly. You are already a Rogers partner in Quebec and will become even more closely affiliated in western Canada. You have filed an \$850-million lawsuit against Rogers, which is currently before the courts.

I am also a businessman. Can you tell me how you can sue your partner and then enter into new agreements with it to develop other markets?

If you are suing Rogers, I guess it is because it has not met your expectations or needs in the past. Are you not somewhat apprehensive about the conditions under which the transaction with Rogers was made for the expansion of mobile services in the west, given the relationship you have had in Quebec?

I believe the lawsuit pertains to the business dealings you had with Rogers in Quebec.

How do you see this? It seems rather contradictory.

• (1610)

**Mr. Pierre Karl Péladeau:** As I said, in 2006, we became operators using the Rogers network until we were able to purchase part of the spectrum and then build our own network, with Rogers, as part of a project we called Teamnet. If we worked with Rogers, it was also to offset “Bellus”, that is, Bell and Telus, since they have common networks and share the spectrum licenses that were purchased for each company.

There was actually a misunderstanding between us, and we have settled it. I am pleased to announce that we have reached an agreement in this regard. Our dealings have been extremely useful and beneficial for each party, including past presidents such as Guy Laurence and Nadir Mohamed, and Mr. Staffieri now, and we are on a solid footing again. We believe we can further strengthen this association, which has existed for 15 years now.

**Mr. Bernard Généreux:** Okay.

Earlier, my colleague Mr. Perkins asked Mr. Staffieri if there have been job cuts, and he said yes, in some sectors.

At Quebecor, do you expect to create jobs, either in Quebec or elsewhere in Canada, as a result of this agreement?

**Mr. Pierre Karl Péladeau:** Yes, indeed. I mentioned that.

Actually, I did not just mention it, it is required of us as a mobile virtual network operator, or MVNO. We are required to build a network if we use the facilities of the current network owners, and we have a deadline to meet.

As Mr. Staffieri said, we spend billions of dollars to build a network, which third-part Internet access services do not do. We have made those investments, and so has Shaw. That is why the CRTC, no doubt on the government's advice, has decided to henceforth require those with the privilege of being mobile virtual network operators to build a network in order to contribute directly to economic activity in Canada.

**Mr. Bernard Généreux:** It's been said many times that Videotron's prices are lower than Freedom's. One condition the minister required was that prices would get lower over time. I have before me two printouts from the Videotron and Freedom websites. Freedom's 20 GB package costs \$50, whereas Videotron's is \$65. These are the regular prices, not specials. The prices are already lower.

Based on the agreement reached and the obligations that come with it, and if the minister authorizes it, you will need to make sure that you offer lower prices than what is being offered now. However, right now, Videotron's prices are higher than Freedom's.

**Mr. Pierre Karl Péladeau:** I will ask my colleague Jean-François Lescadres to comment on what you have just said.

**Mr. Jean-François Lescadres (Vice-President, Finance, Vidéotron Itée):** In this area, it's very important to understand what we're comparing here. Nothing demonstrates that better than the way competitors react.

As Mr. Péladeau showed earlier, competitors react by offering much lower prices in Quebec than elsewhere in Canada. In addition, Freedom's plans right now are not identical to those of its competitors. Freedom doesn't offer 5G, which we've committed to offering very quickly once the transaction closes.

Next, Freedom limits what we call national roaming. If you speak to a salesperson who offers plans from multiple providers, they're going to ask you if you plan to stay in town or go out of town. If you stay in town, they'll tell you that they can offer you a Freedom plan at a certain price, but if you travel from, say, Calgary to Edmonton or Toronto to Kitchener, your data will be extremely limited.

For example, right now, if you buy a 20 GB plan from Freedom, you only get 1 GB of data outside your territory. This is a competitive disadvantage for Freedom that we certainly intend to address, because we don't have those restrictions in Quebec. Videotron and Fizz plans include roaming across Canada.

• (1615)

**Mr. Bernard Généreux:** All right.

**Mr. Pierre Karl Péladeau:** I feel it's important that I repeat what I said earlier: roaming charges make up a significant portion of a customer's bill, and that's even more true today because people use data. No one talks on the phone anymore, or very little. People use their phone to go get data.

When you're not on your network, you're roaming. However, rates in Canada haven't changed in eight years and they're among the highest in the world. They go from \$8 to \$12, while in all European countries roaming costs \$2. That's five times more expensive.

It's important that the CRTC—

**Mr. Bernard Généreux:** Mr. Péladeau, for the record, could you tell us how roaming fees are established? Are they set by the government or by industry?

**Mr. Pierre Karl Péladeau:** They are set by the government, by the CRTC, which determined that roaming would be available at such and such a rate.

As I just said, it's been eight years since the rates have changed, and they are now five times higher than in Europe.

**The Chair:** Unfortunately, Mr. Généreux, we've gone three minutes and 15 seconds over your allotted time.

I now turn the floor over to Mr. Erskine-Smith for five short minutes.

[English]

**Mr. Nathaniel Erskine-Smith:** My question is for Rogers, and Mr. Staffieri. On the testimony we've heard today, Rogers received a better financial offer than the deal it ultimately arrived at with Videotron. Now, I want the best deal for competition in a sector that sorely needs competition, so walk us through it. Why would Rogers accept less money in this deal, unless it also meant less competition?

**Mr. Tony Staffieri:** As I said earlier, we went through a process that was very comprehensive and robust. We looked at the criteria in front of us, and this government, the minister in particular, as well as previous successive governments of this country, were looking for a fourth wireless competitor that was robust. The minister went further. He wanted a remedy that was going to have a credible acquirer of Freedom wireless—"credible" meaning that they had experience as an operator and—

**Mr. Nathaniel Erskine-Smith:** You're telling me that it wasn't your decision to pick Videotron. You would have picked Globalive, but the minister made you pick Videotron. It sounds like that's your answer. Is that your answer?

**Mr. Tony Staffieri:** I'm walking you through the criteria that the minister laid out for us, as we work through those criteria in terms of having a balance sheet and having operating experience, but also, importantly, having a very credible path to 5G. Videotron had purchased—

**Mr. Nathaniel Erskine-Smith:** Let's be specific. Rogers would have preferred to accept the Globalive offer, but you felt you needed to accept less money from Videotron, because the government wanted you to do so. That's basically what you're telling us, from what I can tell. Is it yes or no?

**Mr. Tony Staffieri:** We went with an option that met the criteria, and ultimately the tribunal and the appeal court found—

**Mr. Nathaniel Erskine-Smith:** That's not my question. You had a duty to shareholders. Why would you accept less money, unless it also came with less competition?



**Mr. Tony Staffieri:** We had to find a solution that was pro-competitive. Price is only one factor of the variables to ensure a robust fourth carrier. We have a solution with Videotron that is the most viable in ensuring the fourth wireless competitor in Canada.

**Mr. Nathaniel Erskine-Smith:** Okay. Let me put it a different way, then. What's a better deal? I don't know. I have no idea. We've heard testimony today. The Competition Tribunal heard some testimony. The Federal Court had a hearing as well. The minister's been seized with this file. Sitting here today, I don't know what a better deal would be in terms of competition. Is it Videotron? Is it Globalive?

Why should you, Rogers, the most dominant player in a heavily concentrated sector that matters so much to the affordability of Canadians, get to decide who the fourth player is?

**Mr. Tony Staffieri:** We went through a process, together with Shaw, looking at alternatives. We had many bidders. In fact, we put two other bidders—

**Mr. Nathaniel Erskine-Smith:** That's not my question.

Why should you decide?

**Mr. Tony Staffieri:** We went through an iterative process with the regulatory bodies. In fact, we put—

**Mr. Nathaniel Erskine-Smith:** That's not my question.

Why should you decide? You're the most dominant player in this marketplace. Why do you get to decide who the fourth player is? Do you think that's fair?

**Mr. Tony Staffieri:** We went through the process to ensure the outcome was the most viable fourth player in the country.

• (1620)

**Mr. Nathaniel Erskine-Smith:** I know these are lines you have memorized, but those are not answers to my question.

Why should you get to decide? This is spectrum, by the way, that was discounted for Freedom, and ultimately came to Shaw. It is a public good, ultimately. That's why the minister gets a say on the transfer of this licence.

Why should you get to decide who the recipient is?

**Mr. Tony Staffieri:** We were in the position, as a result of our agreement with Shaw, to look at alternatives that were going to be the best divestiture alternative for Freedom. We looked at the criteria that the government put in front of us, and we put forward the most viable option that met all the criteria. What you saw coming out of—

**Mr. Nathaniel Erskine-Smith:** I'm wondering what that means, but I have a question for Shaw.

What happens if the deal isn't approved?

**Mr. Trevor English (Executive Vice-President, Chief Financial and Corporate Development Office, Shaw Communications Inc.):** That's a scary proposition. We faced a lot of challenges in 2021 when we decided to sell the company. The challenges and issues we're facing haven't gotten any better; in fact, they've gotten worse.

We don't have a credible path towards true 5G. We don't own the spectrum; Mr. Péladeau does. That's why it makes so much sense to put Freedom and Videotron together. There have been substantial investments made by our key competitor on the wireline side of things. We continue to be outflanked by Telus on numerous fronts, and we are underinvesting versus others.

**Mr. Nathaniel Erskine-Smith:** I know Rogers is the only partner you could possibly sell to. Of your revenue, 83% is wire line, and that's what Rogers wants. That's why it's such a profitable deal for them. Is there no other partner than Rogers, no partner other than the most dominant player in the market?

**Mr. Trevor English:** We firmly believe that this set of transactions is pro-competitive and enhances competition on both the wireline and wireless sides of things.

**Mr. Nathaniel Erskine-Smith:** You told me the same thing about the sale of Freedom to Rogers, until everyone told you it wasn't, and then you had to spin it off.

You painted a picture of competitors fighting the merger, and you basically said to us that if competitors were fighting the merger, then it must be good for competition. Let's pause for a second there, because there are not just competitors fighting the merger; there are independent experts like Ben Klass and Michael Geist. The majority of Canadians are expressing concern with this merger through polling and certainly in our inboxes.

What do you make of the fact that there aren't just competitors, but it seems to be an overwhelming majority of Canadians who don't have trust in this merger? They don't trust Shaw; they don't trust Rogers, and they don't trust this heavily regulated oligopoly to deliver affordability for Canadians.

**Mr. Trevor English:** Mr. Erskine-Smith, we went through a very comprehensive and long regulatory process, which was adjudicated through a very thoughtful tribunal that came to the conclusion that was reaffirmed yesterday by the Federal Court of Appeal: that this series of transactions is pro-competitive, increases competition and will lead to better innovation and better pricing over the long term for Canadians.

**Mr. Nathaniel Erskine-Smith:** I know I'm out of time, but what I read is that this deal won't substantially lessen competition. As I've said to others, I'm not interested in that threshold and that question. I want to see what is best for competition, and what I see right now are very wealthy individuals saying that this is going to be pro-competitive, something you've said time and time again, and Canadians just don't trust anymore, because these wealthy individuals are wealthy at the expense of our pocketbooks for an essential service.

Anyway, thanks very much for the scripted answers.

**The Chair:** Thank you, Nate.

[Translation]

Mr. Lemire, you have the floor for two and a half minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Staffieri, I will try to ask my colleague Nathaniel Erskine-Smith's question again, but I'll phrase it differently.

First, the full transaction in which you were to acquire the assets of Freedom Mobile was rejected due to lack of competition. You couldn't have been that competitor. If it had been sold to a competitor other than Videotron, like Bell, Telus, Globalive, Distributel or another company, do you believe the Competition Bureau, the minister or the CRTC would have approved that transaction?

[English]

**Mr. Tony Staffieri:** Mr. Lemire, it's not my place to decide what the Competition Bureau would or would not approve. What I can tell you is that we looked at the criteria and—as you look to the criteria of what was going to be a credible fourth wireless player in this country, the criteria that the minister laid out, which are very intuitive, by the way—they are that the buyer has to have a strong balance sheet, which Videotron has. They are a public company, and they've been in business. It's not just closing the transaction but, to continue to make the investments that are needed in a network across the country, the buyer had to be a credible operator. Videotron operates today in both cable and wireless. They've demonstrated the ability to disrupt the market with competitive pricing.

Finally, they needed to be credible in building a 5G network. There were no other bidders that had 5G spectrum, which is very critical, to the extent that Videotron had.

We chose the one that we believed met most, and I have to tell you that the process was very iterative. If you look to the tribunal documents, we proposed two other bidders early in the process, and they were rejected. As we went through that iterative process with the government, it became clear what the most viable option was going to be, and that's the one we recommended. As you heard earlier, the tribunal went through an exhaustive trial—31,000 pages, 1,900 exhibits, 44 expert witnesses—and concluded and validated that this is going to be a pro-competitive series of transactions.

• (1625)

[Translation]

**Mr. Sébastien Lemire:** If I'm not mistaken, the next critical date is January 31, 2023.

What happens if the merger hasn't gone through by that date?

[English]

**Mr. Tony Staffieri:** The three parties you see here today have agreements that go to January 31. We are working hard to get this transaction completed by that date. We have continued to provide the minister with all the information and, as he's publicly said, he is going through the due process before he makes his decision.

I don't want to speculate on what will happen if it goes beyond January 31. That will be something we'll all need to take back, but right now we're working with the deadline in the agreements we have in front of us.

[Translation]

**Mr. Sébastien Lemire:** Thank you very much.

Thank you, Mr. Chair.

[English]

**The Chair:** Thank you, Mr. Lemire.

Mr. Masse, for our last round of questions, you have two and a half minutes.

**Mr. Brian Masse:** Thank you, Mr. Chair.

Let's be clear. I've read the tribunal decision a number of times, and what's key is that it won't lessen competition. If I had a constituent or anybody else or the business community that uses services, and I said that was the threshold we should actually go toward, they'd look at me as though I were insane. They'd look at me and say, "That's all you expect—that it won't lessen competition?" at a point in time where we've used a public asset to create highways and tollways in the sky and have made things uncompetitive in many respects.

My question is for Shaw.

Mr. English, you mentioned it would be a scary proposition. Given the fact that we have so many uncertainties here, what is scary about it? Is it going to be for the family? Is it going to be for the shareholders? Why should the public and the minister rescue Shaw for basically giving up in many respects by not bidding on spectrum in the last auction and then basically throwing in the towel ever since?

**Mr. Trevor English:** Mr. Masse, I don't accept your assertion that we've given up and thrown in the towel. It's been a very difficult and long process, and I think we've done a good job running our business during the last two years with this level of uncertainty facing us.

The reality is, Mr. Masse, we need to sell the business because of the investments going forward, and they will be substantial within wireline and wireless. Frankly, we don't have the operational or financial scale to make those investments in a significant manner going forward.

The fact of the matter is that this series of transactions now puts both of our businesses in the right hands—of Videotron and Freedom together—to invest in wireless in the future. Also, with Rogers, in terms of our wireline business, we will continue to invest and innovate and compete for Canadians in western Canada against Telus.

If this deal doesn't go ahead, we don't have a plan B.

**Mr. Brian Masse:** You have had the most monopolistic opportunities and some of the highest prices and profit margins. To then suggest that wasn't enough says a lot about the current state of the Canadian telco industries.

Thank you very much, Mr. Chair.

**The Chair:** Thank you, Mr. Masse. That concludes our second round of questions.

Mr. Perkins.

**Mr. Rick Perkins:** Just before we conclude, I have a request. I understand that Rogers has extended the bond deal to the end of the year, so there is more time to deal with this, but could Rogers please table with the committee the standard NDA that you presented to all? I assume it was the same for all potential buyers.

**Mr. Tony Staffieri:** We'd be happy to provide that standard NDA document.

**The Chair:** Thank you, Mr. Staffieri. You can submit that through the clerk.

I want to thank our witnesses for this last panel. Thank you for taking the time.

Thank you, colleagues, for this enlightening and long day.

[*Translation*]

I'd like to inform you that we won't be meeting in camera. Because we're running late, we won't have access to the necessary resources. However, we will continue the discussion offline.

I'd like to thank the witnesses. Thank you, everyone.

The meeting is adjourned.

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