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Chair: Mr. Joël Lightbound



Standing Committee on Industry and Technology

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• (1100)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): I call this meeting to order.

Good morning, everyone. Welcome to meeting number 112 of the House of Commons Standing Committee on Industry and Technology.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders.

Pursuant to the motion adopted by the committee on Tuesday, September 26, 2023, as well as the motion adopted on Monday, February 5, 2024, the committee is resuming consideration of its study on accessibility and affordability of wireless and broadband services in Canada.

I'd like to welcome all of today's witnesses. From the Canadian Radio-television and Telecommunications Commission, we have Scott Hutton, chief of Consumer, Research and Communications; Ian Baggle, director general, Strategic Planning, Broadband and Networks Fund; and Anthony McIntyre, general counsel and deputy executive director, Legal Services.

From the Competition Bureau of Canada, we welcome Jeanne Pratt, senior deputy commissioner, Mergers and Monopolistic Practices Branch; Laura Sonley, associate deputy commissioner, Mergers Directorate; and Anthony Durocher, deputy commissioner, Competition Promotion Branch.

I thank you all for being with us, in person, in Ottawa.

Without further ado, we'll turn the floor over to the CRTC for five minutes.

[*English*]

Mr. Brian Masse (Windsor West, NDP): I have a point of order, Mr. Chair.

[*Translation*]

The Chair: Mr. Masse, you have a point of order.

[*English*]

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

I'll be brief.

I want to acknowledge that at the upcoming meeting on Wednesday, the witnesses coming forth are not consistent with the motion

that was passed calling for the CEOs of BCE Inc., Rogers Communications Inc. and Telus Communications Inc.

We had Mr. Péladeau here, who followed the proper procedure and rules for the motion that was passed.

This committee has a decision to make, in my opinion, very soon. I will have a draft motion to subpoena those CEOs ready, and I look forward to using the end of my time at this meeting or during committee business for that, because this is information that's been brought to us, and it's inconsistent with what was passed here in the industry committee.

The Chair: Thank you, Mr. Masse.

You are correct. I understand that I might keep some time for you towards the end of our meeting with witnesses today, and we can discuss how we go about getting the witnesses whom this committee has asked for.

Thank you, Mr. Masse, for bringing it up. I'll recognize you whenever you want towards the end of the meeting.

Remember that we have an hour and a half before we suspend, and we're going into committee business.

[*Translation*]

I yield the floor to the CRTC.

[*English*]

Mr. Scott Hutton (Chief of Consumer, Research and Communications, Canadian Radio-television and Telecommunications Commission): Thank you for inviting us to appear before your committee today.

Before I begin my remarks, I'd like to acknowledge that we are gathered on the traditional unceded territory of the Algonquin Anishinabe people.

[*Translation*]

I am joined today by my colleagues Ian Baggle, director general, Telecommunications, and Anthony McIntyre, general counsel.

[*English*]

As you know, the CRTC is an independent quasi-judicial tribunal that operates at arm's length from government. We hold public hearings on telecommunications and broadcasting matters and we make decisions based on the public record.

In the telecommunications industry, our work focuses mainly on Internet and cellphone services. We promote choice and affordability for Canadians; encourage investment in reliable, high-quality networks; and improve access to telecommunications services in indigenous, rural and remote communities.

These goals were brought into greater focus in February 2023, when the government directed the CRTC to renew our approach to telecommunications policy. It asked us to, among other things, act quickly to provide clarity to the market and consider how our decisions would promote competition, affordability, consumer interests and innovation.

• (1105)

[Translation]

A good example of how we have renewed our approach is in cellphone competition. In May of last year, the CRTC established rules that allow regional competitors to compete across Canada as mobile virtual network operators using the networks of large cellphone companies. With this access, regional companies can expand their reach and offer Canadians more choice.

Our work appears to be having a positive impact on the rates Canadians pay. The Consumer Price Index shows that cellphone service prices in Canada have declined overall 16% in the last year. Clearly, we need to continue our work, and we will be closely monitoring cellphone service prices to ensure that the recent price increase announced in January does not become a trend.

At the same time, we are also working to enhance choice and affordability in Internet services. In March we launched a proceeding on the Internet services market to increase competition, create more choice and lower prices.

[English]

We knew we had to act quickly. Our data show that competitors to the largest Internet service providers had been losing subscribers over the past two years. That's why, last November, we released an initial decision to provide competitors with a workable way to sell Internet services using the fibre-to-the-home networks of the large telecom companies. We took this initial step in Ontario and Quebec, where competition has declined most significantly.

This work continued earlier this month, when we held a public hearing on the issue. We continue to build our public record by hearing from service providers, competitors, consumer groups, individuals and government agencies. Ultimately, we need to find a solution that allows consumers to benefit from greater choice while producing robust investment in networks.

As we work to improve the affordability and quality of telecommunications services in Canada, we are also working to ensure that everyone across our country has access to these services.

[Translation]

Our goal is to help connect all Canadians. The CRTC plays a small role as part of a larger government effort to bring affordable and high-quality telecommunications services to all Canadians. To support this effort, the CRTC helps fund projects in rural, remote and indigenous communities through its Broadband Fund.

[English]

In our most recent call, we received more than 100 applications seeking \$1.9 billion dollars in funding. We are moving quickly to make decisions on these projects, while at the same time making our application process faster and easier. We are also looking at creating a new funding stream specifically for indigenous communities.

As you can see, we have been busy, and we don't expect to slow down any time soon. We remain committed to promoting competition as a means of providing all Canadians with access to reliable, high-quality Internet and cellphone services at affordable prices. We know that Canadians are not satisfied with the prices they pay and that more needs to be done.

Thank you for the opportunity to appear today. We look forward to your questions.

The Chair: Thank you very much.

I will now yield the floor to the Competition Bureau.

Ms. Jeanne Pratt (Senior Deputy Commissioner, Mergers and Monopolistic Practices Branch, Competition Bureau Canada): Good morning, Mr. Chair and members of the committee.

My name is Jeanne Pratt. I am the senior deputy commissioner of the mergers and monopolistic practices branch at the Competition Bureau. Joining me today are my colleagues Anthony Durocher, who is the deputy commissioner of the competition promotion branch, and Laura Sonley, who is the associate deputy commissioner in our mergers directorate.

[Translation]

The Competition Bureau is an independent law enforcement agency that protects and promotes competition for the benefit of Canadian consumers and businesses. We do this because competition drives lower prices and innovation while fuelling economic growth. We administer and enforce the Competition Act by investigating and taking action to address anticompetitive business practices that harm consumers, competition and our economy.

The Competition Act's merger provisions are the first line of defence against harms to competition. They are a preventative tool that guard against harmful concentration of market power.

• (1110)

[English]

Competition in the telecom sector has been and continues to be a priority for the bureau. It's the backbone of commerce in the digital age and a critical service for businesses and consumers alike. This committee is well aware that the bureau filed an application to the Competition Tribunal seeking to block the proposed merger between Rogers and Shaw. While we were unsuccessful in our attempt, we stand by our decision to bring the case and our reasons for it. We are continuing to monitor the markets since the transaction closed.

The bureau will continue to prioritize our work in this sector through both our enforcement and our advocacy roles. Just two weeks ago, Ms. Sonley participated with other bureau personnel in the ongoing CRTC hearings on the review of the wholesale high-speed access service framework.

Recent amendments to the Competition Act, notably those made in 2022 and more recently through the Affordable Housing and Groceries Act, have given the bureau more tools to protect and promote competition in Canada. The committee will also be aware that Bill C-59, which is currently before the House and is being pre-studied in the Senate, contains several other amendments that, if passed, will further strengthen the Competition Act.

We are committed to using the new tools wherever necessary to protect competition. We also look forward to updating our guidance to Canadians and Canadian businesses on how the bureau will enforce these amendments.

[Translation]

The Bureau strongly believes that competition can play a greater role in the concentrated telecom sector, with Canadian consumers, businesses, and the overall economy reaping the benefits. More competition unlocks innovation and productivity, and helps us to maintain a high standard of living.

We share the committee's interest in enhancing competition and working to ensure that high quality telecommunications services are reliable and affordable for all Canadians.

[English]

Before fielding your questions, I would note that the law requires the bureau to conduct its investigations in private and to keep confidential the information we have. This obligation may prevent us from discussing certain facets of our investigation.

I would like to thank the committee for the opportunity to appear today. We look forward to your questions.

The Chair: Thank you very much.

To start the discussion, I'll turn it over to MP Williams.

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you, Mr. Chair. Thank you to our witnesses for being here today.

This is probably one of the most important studies that this committee is undertaking right now. Canadians pay the highest cellphone bills on the whole planet—not just in North America and not

just in part of the world, but in the whole world. Only South Africa seems to have some of the higher fees.

The reason is that we have basically a de facto network duopoly in Canada. We have only two independent mobile networks in Canada with a national footprint. We have Rogers, which does cost-sharing or sharing with Vidéotron, and then we have Bell and Telus, which operate on each side. We only have two in this whole country, so it's easy to see what's happened over the years: With fewer players and fewer sellers and many buyers, the prices have gone up.

I'll talk about some of the recent data we have. We've talked about some from Stats Canada, but this is some 2023 data from Rewheel. Canadians are paying a minimum monthly price for 4G and 5G smart phone plans that have at least 100 gigabytes, a thousand minutes and 10 megabytes per second, which is peak speed, at \$90 per plan. Those in the United States are paying \$44, and Australians are paying less than \$30. This is what happens when this major oligopoly controls the country.

The Prime Minister said he was going to reduce cellphone fees by 25%. This was in 2019. Based on these numbers, that didn't happen.

The industry minister said that a fourth national player would be able to reduce these fees across Canada. That was supposed to be Freedom and Vidéotron. Right now we're seeing, with prices going up \$9 a month, that this is not happening.

At the CRTC, you've been given directives. I want to talk specifically about the directives you've been given from the government. I want to go specifically this morning to MVNOs. How many MVNOs do we have operating in Canada at this moment?

• (1115)

Mr. Scott Hutton: I believe they're working toward having three potential MVNOs operating, at this point in time.

Mr. Ryan Williams: Are you aware of how many MVNOs are in the U.S. and how many are in Australia?

Mr. Scott Hutton: I do not have that data.

Mr. Ryan Williams: The number is 139 in the U.S. and 66 in Australia.

A lot of Canadians aren't aware of the flanker brands that are actually part of the big three. Bell owns Bell MTS, Lucky Mobile and Virgin Plus. Rogers owns Fido, Chatr and Cityfone. Telus owns Koodo and Public Mobile. Customers are thinking they have choice, but these are actually operated by the big brands.

Your answer was that we have only three MVNOs. You said you've been given direction by the minister to create more MVNOs in Canada, but what are the stipulations right now if you want to open an MVNO? Do you have to have network? Do you have to have a certain number of years to build it up? What are the stipulations in owning an MVNO in Canada right now?

Mr. Scott Hutton: The model we have implemented to impose the MVNO regime is one based on trusting the regional players across the nation. These are various players who have access to spectrum and who are building out networks to essentially better serve Canadians and provide them with more competition and better prices.

Mr. Ryan Williams: Does that follow the same model that we might see in Australia or the U.S.?

Mr. Scott Hutton: The U.S. model, I believe, is not a mandated model. It's a model that has developed as a result of effective competition in that market.

Mr. Ryan Williams: I think it's the same in Australia.

Essentially, if someone wants to start an MVNO in Canada, the barrier to entry is billions of dollars—not millions—to build out a network, and then build out that network to offer services. That's the only way you can become an MVNO. Is that correct?

Mr. Scott Hutton: We have trusted and we have mandated an MVNO regime to the major incumbent players you mentioned. With recommendations and full public hearings, we looked at the model and ensured that this gave the best ability for us to build out and maintain not just good prices but also innovation and more choice through more competition on that front.

Those players are entering the market, have entered the market, and have already had an impact on pricing. I know you've highlighted certain pricing indications, but our numbers with respect to mobile service say that over the last year there has been an actual decrease by 16% of the overall rates on the packages. In fact, prices have been decreasing since 2017 in that measure.

Canadians do not feel like they are getting better prices because they are consuming more and more faster services and significantly more data consumption services at the same time so—

Mr. Ryan Williams: I'm going to get you right there. That's what Canadians are consuming.

Does the CRTC have updated numbers for how much data Canadians are consuming per month at this point?

Mr. Scott Hutton: I wouldn't have it here, but we can provide it to the committee.

Mr. Ryan Williams: Can you submit that?

The data from your last submission shows that in 2014, in one quarter, Canadians would consume 39 million gigabytes. In quarter three of 2022, that went up to 554 million gigabytes. Canadians were consuming over 10 times the data that they were in 2015, which is only in eight years.

When we're looking at prices, we can go into how Canadians are looking at that, but the reality is that companies now are selling more data. They're gouging Canadians on data and they're making more money on that data.

Would that be correct?

Mr. Scott Hutton: Actually, when you look at the numbers and the level of data consumed, you see that Canadians are looking for faster speeds, because speed is certainly an implication as we are consuming more data, more video and more high-bandwidth services. However, when you look at the rate for what is consumed on an average basis, the actual rate has been decreasing tremendously on that front.

Canadians are consuming far more. As we are here today, we continue to work on expanding the MVNO regime to make sure that we're able to serve Canadians and that there is more competition and even more price impact, whether it's on data consumption services or mobile subscription packages.

[*Translation*]

The Chair: Thank you, Mr. Williams.

Ms. Lapointe, you have the floor.

[*English*]

Ms. Viviane Lapointe (Sudbury, Lib.): My question is for the CRTC members.

It's my understanding that earlier this month the CRTC held public hearings to address the fact that increasing wireless competition has not been effective.

Why have current measures been unsuccessful in increasing competition, in your opinion?

● (1120)

Mr. Scott Hutton: To be specific, our hearings earlier this week, or that concluded the Friday before last, were on what I'd call home Internet services. That's wireline services to the home. That market certainly has stagnated, contrary to what I've indicated with respect to cellular prices, which have been significantly decreasing consistently since 2017.

Now the world has changed, in part because we're all working from home. We're consuming far more Internet services at home, with higher speeds and more data. That particular market is the one we looked at last week. What we've been seeing with that environment is that the regime put in place for competition is greatly in need of update. We've been seeing that a number of players were exiting the market. They were having more difficulty being able to serve consumers and they were losing subscribers.

There we certainly took action on that front. Not only have we conducted the proceeding and held the hearing to hear from over 300 different groups to talk about the issue there, but we took immediate action to lower the rates the competitors could use by 10%.

We also took action to mandate access to fibre services by those competitors, so they can continue to expand their services, serve Canadians and bring more competition.

Ms. Viviane Lapointe: Thank you.

In 2016, the CRTC created a \$750-million fund using contributions from large telecommunication service providers to support projects in areas where broadband targets had not yet been met. From August 2022, the broadband fund committed \$226.5 million for improving fixed and mobile wireless broadband Internet services.

Can you offer some insights as to why the \$750-million fund has not been utilized, especially where it pertains to first nation communities, where we know there is a significant digital divide?

Mr. Scott Hutton: You're quite right. The areas that need close attention and where the CRTC is paying close attention are indigenous communities, rural communities and northern communities. We've certainly been looking at a variety of approaches to be able to help and serve that variety of customers on that front.

The \$750 million is essentially a calculation of \$150 million a year over a number of different years. As we're looking at that funding, we have been committing the funds we have been collecting and redistributing them on that front.

Right now, we're on our third call process, which we made easier and faster than every one before that, and where we're also looking more particularly at creating, for example, an indigenous stream and paying close attention to northern communities. We have about 100 applicants and \$1.9 billion in funding requests, so \$750 million will certainly help in that domain.

Our approach is only a small portion of overall government funding. We're about 2% of the overall funding that has been made available to broadband expansion.

Ms. Viviane Lapointe: What are the barriers to expanding the broadband connectivity to remote communities? What are the most significant barriers?

Mr. Scott Hutton: I'll probably ask Mr. Baggley, because his field of expertise is northern and rural communities. Northern communities are particularly difficult on that side. Nunavut is only served by satellite. Northern construction periods are short. There are a whole bunch of different things. There are low population density levels and huge distances.

Mr. Baggley can probably add some precision to that.

Mr. Ian Baggley (Director General, Strategic Planning, Broadband Fund and Networks, Telecommunications, Canadian Radio-television and Telecommunications Commission): I think you captured that well, Mr. Hutton. The lack of access to general infrastructure, like roads, is a big barrier to building up infrastructure. For example, in December, we were successful in awarding funding to Nunavut to provide high-speed Internet for the first time to all 25 communities. They now have a Starlink satellite link. We are making progress in that regard, but certainly geography and remoteness are key factors.

[*Translation*]

The Chair: Thank you very much, Ms. Lapointe.

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you, Mr. Chair.

I thank all the witnesses for being here today.

My first question will be for the representatives of the Canadian Radio-television and Telecommunications Commission.

We know that price increases were announced at the beginning of the year, which was widely reported in the press. They followed the Rogers/Shaw transaction, as you know.

When representatives of the major telecommunications companies come to see us, they point out forcefully that the fact that Canadians pay more for their cellular services than citizens of many other countries is a myth. We're often compared to the G7 countries and Australia. And yet, when we invite the CEOs of these companies to come and debunk the myth, they don't seem in a hurry to explain why Canadians don't pay so much after all. It's quite surprising. Why do you think they're not in a big hurry to come over here to meet us?

• (1125)

Mr. Scott Hutton: We're in the same boat, because we hear the same explanation when we hold our hearings. Admittedly, it's difficult to compare exactly the prices and services offered in different countries. It's hard work. We're still working on it, because Canadians are telling us they're paying too much. We have indeed heard this complaint.

When we compare the prices of our wireless services with those offered internationally, we find that we no longer have the highest prices. We're in third place. It's not great, but we're no longer number one. As for Internet services, we still have the highest prices—

Mr. Jean-Denis Garon: Forgive me for interrupting, but I want to catch this ball on the fly.

Since we're so fond of comparing price levels, what are we seeing in competitor countries? Is it a uniquely Canadian phenomenon to see price drops, or is it a global one?

Mr. Scott Hutton: It's a global phenomenon. Indeed, prices are falling at the same time for the same product. When it comes to residential Internet services, even though prices are coming down a little, we still have the highest prices in the world.

Mr. Jean-Denis Garon: So the fact that Canadians pay a lot for their services is not a myth.

Mr. Scott Hutton: We believe that Canadians do pay a lot, and we're trying to reduce the cost of wireless phone services and residential Internet services by trying to introduce more competition into the market. But it's not just about cost. Innovation, choice of services and investment are also important.

Mr. Jean-Denis Garon: You've answered well. Maybe that explains why we'll have to discuss a subpoena later today. Thank you for the clarification.

I will now address the representatives of the Competition Bureau.

We are currently studying Bill C-56 in Parliament. The Canadian competition regime is quite special—it's not your fault, you have a mandate—in that it places a lot of emphasis on efficiency gains. Elsewhere in the world, people try to ascertain whether efficiencies affect the consumer in any way, shape or form. I'm thinking of consumer surplus, for example, but I won't go into the technical details.

If Bill C-56 had been in force, would the transaction between Rogers and Shaw have taken place in the same form, in your opinion?

Ms. Jeanne Pratt: I'm going to answer in English, since I have to use rather technical vocabulary.

[English]

The efficiencies exception was certainly a factor before the tribunal, but ultimately the tribunal's decision did not turn on the efficiencies exception. We are, I think, very publicly welcoming the repeal of the efficiencies exception. We do find that it tends to have the law focus on efficiencies more than on the actual competitive effects of the transaction. We're very happy we're in a new world order—

[Translation]

Mr. Jean-Denis Garon: I'm going to ask you the same question again, because I think it's very important.

People think that the transaction between the Royal Bank of Canada and HSBC Canada could not have gone ahead had Bill C-56 been in force. Yet the government approved the transaction anyway. We know that the Minister of Industry has been very tight-lipped about this.

Subject to all reservations, if Bill C-56 had been passed and in force, do you think the transaction between Shaw and Rogers would have taken place in the same way?

[English]

Ms. Jeanne Pratt: It's really difficult to say what impact it would have had, because we did our entire investigation, all the litigation, under the existing framework, which included section 96.

What I can tell you, though, is that with Bill C-56 and the end of the efficiencies exception in addition to the proposals in Bill C-59, I do think there would have been a difference, particularly through Bill C-59, since concentration levels will now be a factor that the tribunal can consider.

For example in the Rogers-Shaw case, we would have seen that the four largest firms would have held a market share of 95% collectively. The repeal of the provision that says the tribunal can't look at concentration as well as the addition of a factor that says that they can actually consider it, in addition to coordinated effects—a specific factor being added for that—definitely would have changed some of the analysis in the Rogers-Shaw trade talks.

• (1130)

[Translation]

Mr. Jean-Denis Garon: It is, therefore, possible that the conditions imposed by the minister to authorize the transaction were not enough to ensure sufficient competition and benefit the consumer.

[English]

Ms. Jeanne Pratt: I cannot speak to the minister's decision. What I can speak to is how we looked at the transaction under the Competition Act.

We definitely had concerns about the transaction. That's why we challenged it before the tribunal. We did file an application. The Vidéotron divestiture was brought forward after we filed that application. We did not think that the divestiture went far enough to address what we thought the anti-competitive effects would be from that transaction. We continued mostly because we were concerned that the divestiture did not address the particularly vigorous and effective competitor we saw with Shaw Mobile, and they were able to leverage their wireline infrastructure to be able to offer bundled product. Vidéotron, with the divestiture of Freedom, does not have that infrastructure. That did concern us, and that is why we continued our fight.

[Translation]

Mr. Jean-Denis Garon: Thank you.

The Chair: Thank you very much.

Mr. Masse, you have the floor.

[English]

Mr. Brian Masse: Thank you, Mr. Chair, and thank you for our witnesses.

My first question is to the Competition Bureau.

With the opposition to the Rogers-Shaw decision, it had a consequence, I believe, of \$9 million that was recouped by Rogers. Is that correct?

Ms. Jeanne Pratt: That's correct.

Mr. Brian Masse: This is outrageous, in my opinion, and in many respects defeats the purpose of having a competition bureau that's able to really stand up for itself and for Canadian consumers.

Aside from that, is this \$9 million now a budgetary loss in the Competition Bureau's operations that has to be made up for, or will it be made up for by the government at this time? I have requested that this money be made up for by the minister.

Ms. Jeanne Pratt: I can tell you that it has not impacted our operations. We have been able to get coverage for that cost award such that the merger review is not being impacted.

Mr. Brian Masse: Well, it's still \$9 million out of your budget. I'm sorry, but it's hard to believe that it wouldn't have any effect. Rogers didn't have to use it on Shohei Ohtani, because that didn't work out either; but there's no doubt in my mind that it also sends a chilling factor.

Quite frankly, has there been discussion in the Competition Bureau about what to do if this situation arises again?

Ms. Jeanne Pratt: What I can say is we are very welcoming of the proposed amendments in Bill C-59, which would immunize the commissioner from cost awards when we are bringing a case in the public interest. I think that goes a long way to addressing any potential chilling impact that the cost awards could have on our bringing cases before the tribunal.

Mr. Brian Masse: Thank you. I appreciate that. It's very important for public confidence to be maintained, and our competition legislation has handcuffed the Competition Bureau in several ways, in my opinion.

You've seen that what's taken place is exactly what you predicted with regard to prices going up from Rogers, so one thing I do want to know is if there has been consideration within the Competition Bureau to look at market structure and establishing some type of study or investigation of other countries. Have you looked at whether separating the wholesale facilities from the retail sales and service market might be beneficial for Canada with regard to the telecommunications industries?

Ms. Jeanne Pratt: What I can say is that we don't have any ongoing investigations. Because this is a sector that is incredibly concentrated and is a focus of our work across the provisions of the act, we are proactively monitoring what's going on. What I can tell you is that what we are starting to see from publicly available sources, or at least have continued to see, are some concerns post closing. In particular, Rogers has now discontinued Shaw Mobile.

As I mentioned, we found Shaw Mobile to be a particularly growing and disruptive competitive force in British Columbia and Alberta, and they offered very aggressive pricing for bundled wireless plans. So far, we haven't seen any information that would suggest that Rogers is offering pricing comparable to Shaw Mobile post transaction. That is a concern.

Vidéotron also indicated during the tribunal proceeding that it would begin offering bundled services at low prices after acquiring Freedom Mobile. To date, we're not aware of any bundled offering being offered by Vidéotron and Freedom.

Additionally, the planned expansion of Freedom's wireless network appears to have been affected by its acquisition by Vidéotron. We had concerns that Vidéotron would be less likely to invest in Freedom's network, given its smaller base of subscribers and lack of wireline assets. To date, it appears, again, that Vidéotron has not expanded its network infrastructure as previously planned.

Pricing post transaction is a much more complex issue, and I would defer to my colleague Laura Sonley to explain some of the factors that go into monitoring that from publicly available sources.

● (1135)

Ms. Laura Sonley: One thing we would caution against is looking at a single metric when considering prices. There's been a lot of discussion of CPI. Generally when we look at pricing, we try to have as many metrics as possible, and if you do see a discrepancy between two metrics, we question why that's the case. Currently we are seeing a difference between the trend in CPI versus average revenue per user, so that's just one consideration.

Mr. Brian Masse: Thank you.

Mr. Chair, do I have any more time?

The Chair: You do.

Mr. Brian Masse: Thank you.

I'll move to the CRTC.

Has there been any consideration from the CRTC of re-establishing mandatory capital expenditures as part of the issuance of spectrum licences?

In the past, there has been that process, and what we've seen with some of the spectrum licences has also been a musical-chair approach in terms of trading them back and forth or not even being used at times.

Has there been any consideration of going through a process like that?

Mr. Scott Hutton: With respect to spectrum licensing, the spectrum regulator is, in fact, ISED and the minister of industry. We are not involved in the issuance of spectrum licensing or able to impose conditions with respect to those licences going forward.

We have been working through different means to ensure that we have greater competition, such as looking at attachments to poles and towers to facilitate network deployment. We have also, as mentioned earlier, implemented the MVNO regime here in Canada, and we've have been quite active in ensuring that the players that are involved are able to reach deals and are able to operate in this field to offer more competition choice and reliable services to Canadians.

Mr. Brian Masse: I appreciate that answer.

I want to follow up if the CRTC could offer an opinion or a voice on this. It seems that later on you have to deal with a structural problem that ISED has not put in place.

Has there been consideration of the CRTC's becoming more involved in looking at spectrum licensing conditions and processes?

Mr. Scott Hutton: The CRTC certainly has a number of wide powers at its disposal that are granted to it pursuant to the Telecommunications Act. Spectrum is not one of them.

As I mentioned in my opening remarks, we currently have a significant number of issues on our plate, and there's priority on the items that are certainly and squarely within our purview. Also, as an independent quasi-judicial tribunal, it's not our place to be suggesting policy to policy-makers on that front.

Mr. Brian Masse: I can appreciate that answer.

The issue, though, is that we have the minister setting the rules, conditions and terms, and then the CRTC later on trying to deal with them, and they are disconnected entirely, but that also creates structural problems for what's taking place.

I have one last question for the CRTC.

Do you have enough resources with regard to the changing role of the CRTC? Has there been any thought about additional resources that might be required to speed up CRTC decisions? That's one thing that we often get as a complaint that the industry brings back, and I think it's fair.

Has there been any thought about that situation and almost presenting a cost for quicker practices from the CRTC if we did want to accomplish that goal?

• (1140)

Mr. Scott Hutton: In actual fact, in my remarks I mentioned the introduction of the telecom policy direction. In that same context, the CRTC has also secured additional resources to help in its telecom operations. It has been operating much more quickly. We have come out of the gate rather quickly with a number of public notices to intervene in this market. We have resolved issues with respect to arbitration and accessing the MVNO networks rather quickly. We have already made a couple of decisions with respect to implementing our regime to provide expanded access to competitors to the ILEC networks.

I mentioned the fibre deployment on that front. We concluded a hearing earlier this month on that approach, and we're continuing to work tirelessly in that domain.

Mr. Brian Masse: Okay. I guess that's—

The Chair: No, Mr. Masse. I should have specified how much more time you had. We're way over.

I'll turn it over now to Mr. Perkins.

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair.

Thank you, Mr. Masse.

Ms. Pratt, perhaps I could start with you.

For all of those who are watching, who didn't follow as closely as most of us in the room did about the Shaw-Rogers-Freedom-Vidéotron drama and the reduced competition that resulted, you advised the government early on in that process about the Competition Bureau's views on the competitive nature of that proposed transaction. Is that correct?

Ms. Jeanne Pratt: We're an independent law enforcement agency. We're like the competition cops. We investigate a merger. We are completely independent in that function.

Mr. Rick Perkins: Right—and what did you say?

Ms. Jeanne Pratt: We were definitely concerned, and that's why we challenged the transaction before the Competition Tribunal. That's the way our model works: We investigate, and when we see a problem, the commissioner brings an application before the tribunal. Then we have to live with that decision.

Mr. Rick Perkins: Mr. Péladeau was here recently, as you may have seen, and he was quite effusive about himself and what he may do for competition, following up on the positioning that the government had at the time.

Four weeks after the transaction closed, after he appeared before this committee in January 2023, he increased prices of Freedom by \$7 on the BYOD—bring your own device—package at Freedom

while the ink was just barely drying on the acquisition, even though the condition of that acquisition was reduced prices. Of course, the condition of everything, as we know, was that Rogers and everyone committed that they would reduce prices. Of course, Rogers has increased prices again. We'll find out what the others plan to do when they come before us here.

Is that reduced competition that you warned about the reason these prices are going up?

Ms. Jeanne Pratt: I don't think we can say whether that is why prices are going up and what the magnitude is. As Ms. Sonley said, it is a very complex question that requires a lot of data to see because of the variety of factors and what actual consumers are paying. That is a very difficult question to answer definitively at this point.

What I can say is that we were definitely concerned about the acquisition and the replacement of Shaw Mobile, which had been a vigorous and effective competitor and which appeared to be driving prices and bundled products down in western Canada. Frankly, the evidence showed that Rogers was the biggest loser in that fight.

Mr. Rick Perkins: I get that, but the only price announcements I've seen are the ones that have shown it going up. You mentioned some disturbing things that the Competition Bureau is watching with regard to the fact that Freedom doesn't seem to be rolling out their network. Our concerns, of course, were that the history of Quebecor and Vidéotron was that they were actually arbitraging spectrum by buying it from the government and then selling it at considerable profit. Our skepticism is still there about whether or not there will actually be a fourth or third national carrier.

I'm wondering if you could explain a little more. One of the things that you raised a concern about in that merger was that Rogers-Shaw in B.C. in particular had over 40% market share, and yet the tribunal said that this was no big deal. I think any time any large oligopoly has 40% or more market share, it's a big deal. Now you're saying they're not even offering the price that was there, that was part of the bundling. Has that resulted in people, particularly in British Columbia, seeing their pricing going up?

• (1145)

Ms. Jeanne Pratt: I can't say definitively where prices are, because it is a complex question. What I can say is that we are concerned about the trajectory.

We didn't have a problem with Vidéotron as a buyer of Freedom. Vidéotron has demonstrated that it can be a vigorous and effective competitor in the province of Quebec, but the distinguishing feature there is that they own their wireline infrastructure. They are able to offer a bundled product, which I believe their CEO mentioned as a strength there. They cannot do that in Alberta and British Columbia because they don't have the wireline assets to do that. They committed to doing that, using various behavioural agreements with Rogers, and we just haven't seen that come to the market.

Mr. Rick Perkins: Mr. Hutton, I could ask you this. You mentioned that there are three MVNOs that are in the application process. Are any of those three not owned by the big guys?

Mr. Scott Hutton: Essentially, of the three, as far as I am aware, certainly Quebecor is the most active on that front. They've made deals with both Rogers and Bell on that front.

Mr. Rick Perkins: Right.

How long have they been negotiating with Rogers and the CRTC right now to get access through an MVNO policy that the CRTC has? I'm told that it has been two years now.

Mr. Scott Hutton: Well, we essentially set the terms and conditions for that regime last May or April. As early as late June, we arbitrated the first deal between Rogers and Vidéotron—

Mr. Rick Perkins: Is that going to court?

Mr. Scott Hutton: —and again, we arbitrated an additional deal with respect to Bell and Quebecor at that point in time.

Mr. Rick Perkins: Are those going to court?

Mr. Scott Hutton: As you know, there is a legislative framework and laws in this country—

Mr. Rick Perkins: Are we—

Mr. Scott Hutton: —so yes, our role essentially is to make sure we act quickly and we have robust decisions that are put in place to—

Mr. Rick Perkins: The big two ones that MP Williams mentioned that basically control the two networks are, it appears to me, using the legal system year after year to prevent MVNOs from entering this market. They're dragging it out because every year of profitability without an MVNO is good for their shareholders and not so good for consumers.

It appears to me that they're actively using the system that the government, the CRTC and now the courts have to at least delay, if not totally prevent, competition through MVNOs. Is your policy really effective if they're allowed to use it that way?

Mr. Scott Hutton: Quite frankly, there is a legislative framework and a legal framework that the companies are using. That is at their disposal on that front. What we've been doing is put the regime in place, and we've acted quickly and we've acted robustly to make sure that everything we can do is put in place. Those are sort of the limits of our ability at this point.

Contrary to what was highlighted, prices have been declining in that market since—

Mr. Rick Perkins: I didn't ask about that. We've been through this already. They're number one, number two and number three in the world still. In the rest of the world, prices are going down faster than Canada's are.

Here's the issue going forward: We were also told by Mr. Péleadeau and by others that the roaming fees the CRTC sets haven't changed in something like five years and are now six times higher than in other countries.

Why has the government not reduced roaming fees?

Mr. Scott Hutton: We are currently actively studying and looking at the costing of those roaming fees. The roaming fees in ques-

tion that we're looking at there are the intercarrier roaming fees for domestic roaming.

When Vidéotron doesn't have a network in a certain area, they would be using the roaming fees to roam on the networks of Bell, Rogers or Telus, depending on where that is. Those are the roaming fees we are looking at. They are something that's determined based on cost.

We are actively and currently studying those costs to look at establishing rates going forward.

Mr. Rick Perkins: When do you think those new rates would become public, and presumably substantially reduced from the \$12, \$13 and \$14 they are now, to the \$2 or \$3 we see in other countries?

Mr. Scott Hutton: I can't presume. We're conducting proceedings and hearings on that front. I can't forecast or presume an outcome at this point in time, given our nature as a tribunal.

Mr. Rick Perkins: Thank you.

The Chair: Thank you very much.

MP Sorbara, the floor is yours.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

Good morning, everyone. Welcome to the committee, witnesses.

For Ms. Pratt from the Competition Bureau, in terms of the teeth of the Competition Bureau, if I can use that analogy, I believe that what's in Bill C-34 and what's in Bill C-59 currently have been probably two decades overdue in terms of the changing competitive environment we operate in and also the nature of a number of industrial sectors in Canada where concentration is an issue. You can chalk it up to geography, capital requirements, investment and so forth.

I want to get on the record how important the changes were to the Competition Act in Bill C-34 and now in Bill C-59, from your point of view, in looking at combinations, mergers, acquisitions, inverse deals or whatever term you want to use.

• (1150)

Ms. Jeanne Pratt: Maybe I'll start and talk from the mergers perspective. I'm going to defer to my colleague to talk about the larger changes in the acts.

We are incredibly welcoming of the changes in Bill C-56 and Bill C-59. I do think that these are the first significant changes to our act since 1986. The merger provisions are affirmed. That is transformative. The repeal of the efficiencies exception, as well as the addition of being able to consider concentration under the merger provisions, is very different from a world where the tribunal explicitly could not do that, and adding that is a factor.

It is also very helpful when we're talking about sectors like telecommunications, which tend to have fairly stable oligopolistic market structures, that we have an explicit provision to deal with tacit and explicit coordination in section 93, the merger provisions, as well. We're very welcoming of all of those changes to the merger provisions.

Mr. Durocher can speak to the larger view of the other changes in the act.

Mr. Anthony Durocher (Deputy Commissioner, Competition Promotion Branch, Competition Bureau Canada): I think Bill C-56 and what's proposed in Bill C-59 are very important changes and very much welcome. Many of the changes are in fact entirely in line with recommendations the Competition Bureau had made to government in the context of consultation.

I would flag this: If we look at the merger regime in particular, merger is the first line of defence in protecting competition in the economy.

There are a couple of other areas where we believe this can be strengthened. One relates to the adoption of structural presumptions in the merger review process, while the other relates to the remedial standard when there is harm to competition. What needs to be fixed? These are issues we will continue to advocate for.

However, by and large, Bill C-56 and Bill C-59 have been very significant in moving Canada forward in having a robust competition regime.

Mr. Francesco Sorbara: Can I follow up in terms of guardrails?

If we look at the Shaw-Rogers deal and the Vidéotron takeaway of assets that happened and the guardrails in place if certain promises weren't met, what guardrails are in place right now or after the fact from Bill C-56 and Bill C-59?

Ms. Jeanne Pratt: Maybe I'll speak on this.

The tribunal did not make any order, so with regard to any of the representations made by representatives and witnesses, there's no order to hold them to those representations.

What I can say is that structural presumptions in particular may have changed the way the case was heard, because the way a structural presumption works is.... We would have demonstrated that the merger was concentrative. The burden would have shifted to the parties to demonstrate that the merger was not anti-competitive, instead of us continuing to prove that it is anti-competitive.

Mr. Francesco Sorbara: It's almost like a reverse onus.

Ms. Jeanne Pratt: Yes, it's a reverse onus, which still leaves the door open. If they can demonstrate it is pro-competitive, that would still be there.

The other addition is the remedy standards. Here we advocated that the remedy of the divestiture of Freedom did not go far enough. The restore standard, which we advocated in our competition submission, would ensure that all of the anti-competitive effects would have to be remedied, not just the part that takes it from the "substantial lessening" of competition to a "lessening" of competition. We think that would have also helped.

Mr. Francesco Sorbara: I'll go to the CRTC.

I believe there was a policy framework put in place. Could you comment, gentlemen, with regard to how the CRTC is doing in terms of implementing that policy framework?

The follow-up question is this: The MVNO stand-alone operator seems very popular in Europe, from my understanding. What can we do further to facilitate MVNOs here in Canada?

• (1155)

Mr. Scott Hutton: With respect to the policy directive, there are certainly a number of different points that were highlighted on that front, primarily with respect to ensuring Canadians have continued access to reliable, affordable, high-quality networks.

Various areas were highlighted: Paying close attention to the MVNO regime and ensuring that all of the components, whether it's roaming or access to the networks, are functioning properly. Certainly the commission has been acting quickly and with aplomb to make sure that this component is in place going forward.

There were also highlights with respect to the regime that gives access to home Internet wires to competitors. We certainly have—

Mr. Francesco Sorbara: It's that last mile, as we call it.

Mr. Scott Hutton: Often it's much longer than a mile. That's the challenge in our country, but it's essentially that last mile that we're certainly looking at expanding. We've already expanded to fibre-based services. We've adjusted the rates downwards. We held a hearing a couple of weeks ago on that very subject matter, so clearly we're working hard on that front.

There are a couple of other elements on the consumer front to make sure Canadians are getting what they pay for through measurement of the broadband services, making it easier and even more accessible for Canadians to work towards choosing among competitors and benefiting from the competitive approach, everything from making it easier to switch to information—

Mr. Francesco Sorbara: Thank you for that. I would love to elaborate at a different point in time, but I think my time is over. I'll pass the floor back to you, Mr. Chair.

The Chair: Thank you very much.

Go ahead, Mr. Garon.

[*Translation*]

Mr. Jean-Denis Garon: Thank you very much, Mr. Chair.

Mr. Hutton, I'll continue in the same vein. Earlier, you said that the Canadian Radio-television and Telecommunications Commission, the CRTC, had a lot of work to do.

In recent weeks, Bell has laid off 4,800 employees, mostly in the broadcasting sector. One of the reasons cited is the slowness in producing the regulations for Bill C-11.

Can you tell us if the CRTC has the resources to do all the work we're asking of it?

Mr. Scott Hutton: We had additional resources to implement Bill C-11 and Bill C-18, on news content. It's been an enormous amount of work. Our new president and we are prioritizing these major files, and we're putting all our efforts behind implementing these bills.

If we're talking about Bill C-11, I think it was enacted in April. Within a few weeks, we made sure we had launched four proceedings based on which—

Mr. Jean-Denis Garon: Is Bill C-11 moving forward as fast as you would like?

Mr. Scott Hutton: That's the case so far, yes.

We held a hearing at the end of the year on the major dossiers, but we've already issued three specific decisions, and we'll soon be issuing a fourth.

Mr. Jean-Denis Garon: If you'll allow me, I'm going to talk about something that's very important to Quebeckers. We're talking about Canadian content and local content. You'll understand how sensitive Quebeckers are about all of this.

I'd like you to give us the timeline for the next deliverables. What can we expect? The announcement of almost 5,000 layoffs hit very hard, and I'd like to take advantage of your presence here to ask you what is coming.

Mr. Scott Hutton: The major projects planned so far mainly concern issues for which we made specific decisions that are already in force. These issues include fees and registration. That way, we have a clear picture of the players doing business in the country.

Our hearing at the end of 2023 focused on two things. These things were setting up the type of initial contribution, to make sure that new players make fair contributions to the markets, since, like you, we're concerned about the state of the—

Mr. Jean-Denis Garon: What does the time frame look like?

Mr. Scott Hutton: We're working on it.

There will be an initial decision, which will provide two things. First, it will add grist to the mill in the form of contributions. Second, we'll be outlining the types of contribution that new players must make to our industry. We'll then work with all the players to ensure that the contributions are fair, and that everyone—

Mr. Jean-Denis Garon: When will these decisions be made?

Mr. Scott Hutton: Some will be made soon, in the coming months. That's the next step. We're currently working on the definition of "Canadian content." We're also meeting with all the industry players to get a clear picture of this component and to make sure that the money will be invested in the right place, and that the grist will be added to the right mill.

• (1200)

Mr. Jean-Denis Garon: Thank you, Mr. Hutton.

The Chair: Thank you both.

Mr. Masse, you now have the floor.

[*English*]

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

With regard to the CRTC and community involvement, I just wonder if there's been an attempt to have more public education about the CRTC and intervening and providing submissions. I know that the civil society groups are very astute at this, but I'm not sure that ordinary citizens are equally engaged, because they don't really fully comprehend the CRTC. I'm wondering if there's been public education or outreach done to encourage regular residents to be able to make submissions to the CRTC.

Mr. Scott Hutton: We have certainly taken note and heed of the fact that the CRTC, being in part a tribunal and holding hearings, having a number of written proceedings.... As you mentioned, civil society groups have been participating through the years. We've also been working on funding for those particular groups. We've also started to change our ways with respect to how we consult with Canadians, to actually go out and reach various groups that haven't been contributing to our hearings. We're working on launching an indigenous relations group to ensure that, for example, we do engage with decision-makers in indigenous populations throughout the country.

We're planning the same things with other groups. We have changed the way we're holding hearings. For example, I just mentioned our study of the definition of "Canadian content". We're actually going out to five different regions of the country, inviting a number of different groups who haven't been to the CRTC before, and we're actively working with them in workshops and work groups to be able to gather their opinions and at the end of the day to work those into our public hearings and into our public decisions to make sure that we are actually serving them.

Mr. Brian Masse: Would this include multicultural groups and organizations? I think those are some of the things we're missing, from what I've seen.

Does that include multiple languages and so forth? Will the CRTC will be publishing its material or encouraging outreach in those facets?

Mr. Scott Hutton: Most definitely. We are reaching out to those groups, whether they're indigenous groups, diverse groups or new immigrant groups representing multilingual communities, to see how they can contribute to our system. Essentially, we are reaching out on all different fronts.

Mr. Brian Masse: Thank you.

Thank you, Mr. Chair.

[*Translation*]

The Chair: Thank you, Mr. Masse.

Mr. Généreux, you have the floor.

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

I want to thank all the witnesses for joining us.

I'll speak specifically to the CRTC officials.

I'll start by referring to a letter that the mayor of Saint-Modeste, Louis-Marie Bastille, received from Bell Canada on February 1, 2024, concerning future investments in fibre optic telecommunications in Saint-Modeste. In this letter, Bell Canada informed the mayor of a change in its plan to roll out a high-speed fibre optic Internet network in Saint-Modeste. According to Bell Canada, a recent decision by the federal regulator, the Canadian Radio-television and Telecommunications Commission, unfortunately requires the company to significantly cut back on the expansion of its network and thereby leave many people, neighbours and businesses in the area out in the cold. The decision, number 2023-358, was made on November 6, 2023. I'll set aside the other points raised in the letter.

Mr. Hutton, how do I respond to the mayor of Saint-Modeste with regard to this letter from Bell Canada? I gather that you revisited the idea of expanding the connection through the networks of major companies, which decided that they didn't agree with this decision. That's why Bell Canada decided to cut back on its investments. What do I tell the mayor of Saint-Modeste?

Mr. Scott Hutton: The CRTC remains at the forefront of ensuring that all Canadians can receive and access affordable and high-quality telephone services. We have our broadband systems and plans. We're working on continuing to roll out various services.

Our public hearings a few weeks ago focused on access to fibre optic services and the access system. We want to make sure that we strike the right balance by offering good prices for all Canadians. High-quality service and investments remain important to us. That's our job. That was indeed the focus of our hearing a few weeks ago, and it's the focus of our discussions today.

You can tell the mayor that the CRTC completely understands the issue. We must strike the right balance to create an environment that offers good prices and affordable services that everyone can subscribe to. These services must also be accessible, and there must be investment. That's the issue at hand.

• (1205)

Mr. Bernard Généreux: I've been a member of Parliament for nine and a half years. I started in 2009 and 2010. Since then, almost 14 years ago, there have been incredible investments in Canada. I think that we can say that we've made giant strides in customer service across the country.

The analysts at the Library of Parliament prepared a document for today's meeting showing that 67.4% of rural communities are connected. After all the money invested and the wars between the major industry players and the CRTC, which have led to turmoil and seen you dragged into court by just about everyone, the public is largely held hostage to some extent.

I'm thinking of my constituency, which has quite a varied landscape with many monadnocks and mountains in particular. In the higher parts of the constituency, such as Saint-Onésime-d'Ixworth, Saint-Damase and Saint-Pamphile, I constantly receive complaints about the service. The fibre optic network hasn't been rolled out ev-

erywhere. In some cases, Telus has rolled out its service across the board. However, in many other towns and communities, this isn't the case yet.

Despite all the investments made by the federal government over the past 15 years, why aren't our rural areas fully connected yet?

Mr. Scott Hutton: In Quebec, through a combination of our own investments, the investments made through the innovation, science and industry department's programs and the investments made by the province of Quebec, we're on track to ensure connectivity throughout the province.

Mr. Bernard Généreux: Can you tell all the people in my constituency when this will be resolved? What's the target deadline? Is it 2030, 2035 or 2045?

Government programs often encounter delays. I was a mayor and I saw this. In 2020, we were told that things would be ready in 2025. Now we're hearing 2035, and we'll need to keep waiting. The deadline keeps being pushed back. I think that, with the subsidies granted and the money spent, the 100% target should have been reached in Canada. Let's not forget that Quebec stepped up because it felt that Ottawa wasn't moving fast enough. It provided additional funding to speed up the process.

I recently had to go to bat for a company that was asked to spend \$85,000 to bring fibre optics within 1.5 kilometres of its building. It's unbelievable that, in a developed country such as ours, a company must spend \$85,000 to connect to fibre optics. It's crazy. I still don't understand why we're currently in this type of situation. Please explain.

Mr. Scott Hutton: It's a tremendous task.

We have a vast territory and countless communities to continue to serve. The goal is to have 100% of Canadian households with access to broadband Internet by 2030. According to current projections, Quebec is already very close to reaching that target of 100%. You can talk to the Department of Industry about that. Of course, some places are still left out. We will have to look at the changes in Bell's plan and adjust to them.

Mr. Bernard Généreux: How are you able to adjust to those changes? You have funds, I imagine, or grants.

Mr. Scott Hutton: Yes, we do have funds for broadband. Our fund represents 2% of all the billions of dollars you mentioned that will be invested. We have funding requests totalling \$1.9 billion. We continue to work hard to ensure that all Canadians have access to broadband Internet.

Mr. Bernard Généreux: I have another question.

Mr. Chair, please be generous.

The Chair: Be quick, Mr. Généreux.

Mr. Bernard Généreux: Ms. Pratt, Mr. Péladeau came to the committee two weeks ago and told us that he was the champion, across all categories, and that the others were no good or something like that.

I understand that Mr. Péladeau makes a lot of investments. He has made purchases in the west. We agree with that and there is no problem. However, as you just said, he does not have the same infrastructure in the west as he does in Quebec. He just offered \$50 for a package at 100 megabits per second, if I understood correctly. Why is he unable to offer that same package in the west, as well, to the lower prices there? Is it solely because the west does not have the same infrastructure as Quebec?

• (1210)

Ms. Jeanne Pratt: It is important to us that competition ensure the lowest prices.

[English]

They don't really have there what they have in Quebec to be able to compete as vigorously as they do in Quebec. They don't own the infrastructure and they have to rely on a competitor for it.

The Chair: Thank you very much.

MP Turnbull, the floor is yours.

Mr. Ryan Turnbull (Whitby, Lib.): Thanks to all the witnesses for being here today. It's been a really great conversation. I'm learning a lot from you.

Let me start with Mr. Hutton.

You said that wireless prices are coming down. I just want to verify that. Some members on this committee don't like to hear that, but that's basically what Stats Canada has said.

Mr. Hutton, could you confirm that for us?

Mr. Scott Hutton: Prices have been coming down. Using the CPI, they came down for comparative packages by 16% over the last year. They've been coming down since 2017 on that front.

Our position internationally has been marginally improving, but Canadians are certainly feeling that they are consistently paying higher prices. We're fully aware of that and we're fully committed to addressing that concern.

Mr. Ryan Turnbull: I grant that. Canadians do not feel that prices are coming down. Even though, statistically, we know it's true, it's not landing for Canadians in the way that we need it to. They need to feel it, right?

One of the things our government did was reduce switching costs by allowing people to break their contracts with a \$50 fee. Do you think this is a helpful tool?

My understanding is that if you are locked into a contract and prices have come down and companies are lowering their prices for different packages, you're not actually able to take advantage of that unless you actually switch, unless you actually break your contract and renegotiate with another supplier.

Ms. Pratt, would you like to speak to whether this is an opportunity for consumer education?

Ms. Jeanne Pratt: As an organization, we actually want all consumers to see what benefits switching can give them. We've had promotions in which we actually promoted "switch week". We have seen in particular sectors, including telecommunications, that being your own champion and seeing what deal you can get from other providers can benefit your own bottom line. I think that continues to be something we encourage consumers to do.

Mr. Ryan Turnbull: Great. Thank you.

I know the Competition Bureau provided a submission to the CRTC on mobile wireless services. I guess that was fairly recently.

Ms. Jeanne Pratt: Yes, it was.

Mr. Ryan Turnbull: In that submission, I believe there were several recommendations, but also several findings. In particular, I wanted to highlight that where the big three providers of wireless services face a disrupter, prices drop significantly.

Is that true, Ms. Pratt?

Ms. Jeanne Pratt: That has been our finding and that's been our observation in addition to this one. It's an intervention that we did several years ago that showed that where we have a strong fourth player, prices in those regions tend to be lower.

Mr. Ryan Turnbull: By how much do those prices drop?

Ms. Jeanne Pratt: I'm not sure.

Ms. Sonley, do you have a range?

Ms. Laura Sonley: It varied based on the degree of market share they were able to obtain. I can't remember the exact numbers. I think it's between—

Mr. Ryan Turnbull: It's 35% and 40%. That's what I remember.

Ms. Laura Sonley: That's exactly it.

Mr. Ryan Turnbull: Is that consistent with what your data has shown?

Ms. Laura Sonley: In the study in 2019, yes.

Mr. Ryan Turnbull: Great.

Freedom Mobile would be an example of a disruption in the market. Is that right?

Ms. Laura Sonley: Yes. That's correct.

Mr. Ryan Turnbull: Great. Thank you for that.

What percentage of market share must be achieved to disrupt the market?

Ms. Jeanne Pratt: I think I'll defer to Ms. Sonley or Mr. Durocher on whether or not we've actually measured that. My recollection is that you want to be going toward a 10% market share to really see that disruption.

Mr. Anthony Durocher: I believe a 5.5% market share was the threshold where we observed the strong price effects. The more the disrupter gets up above a 5.5% market share, the more the competitive benefits are pronounced.

• (1215)

Mr. Ryan Turnbull: The Competition Bureau has also suggested that the CRTC should adopt a temporary MVNO policy to incentivize and accelerate facilities-based competition from disruptors. Is that true? Could you, Ms. Pratt, speak to why that's so important to enhance competition?

Ms. Jeanne Pratt: I can speak generally. Ms. Sonley can probably speak in much more detail about what our submissions were to the CRTC.

We have a relatively stable oligopolistic market structure in Canada in the telecommunications sector. Our observations are that when a fourth player is able to come in and disrupt the existing players, it disrupts the oligopolistic market structure and it disrupts the coordination to the extent that we see prices coming down and quality going up.

Mr. Ryan Turnbull: My understanding is that this is applying an MVNO policy to a facilities-based disrupter, which would be a temporary measure to increase competition, knowing full well that MVNOs are not going to disrupt the market to the degree that a facilities-based disrupter would.

Ms. Sonley, could you speak to why that particular strategy is important? I then want to check with Mr. Hutton on whether you're moving forward on that.

Ms. Laura Sonley: The idea is that it's quite costly to build a wireless network, so this provides the facilities-based competitor with an existing customer base that it can use to fund the network build. It would allow it to expand to additional regions in Canada.

Mr. Ryan Turnbull: What is your perspective on that, Mr. Hutton? Is the CRTC moving forward with the recommendations from the Competition Bureau?

Mr. Scott Hutton: We have certainly moved forward on our MVNO regime, which was greatly inspired by the submissions of the Competition Bureau on that front.

As I was discussing with some of your colleagues, we have set that regime in place. We are actively working to make sure that the deals are being made and that competitors are entering the market to provide high-quality, reliable and affordable telecommunications services.

Mr. Ryan Turnbull: Thanks.

Maybe this question is for you, Mr. Hutton. What is the CRTC doing in relation to cancelling or reducing junk fees and/or the international roaming charges that we know are costly?

Mr. Scott Hutton: As you mentioned in your earlier question, information for consumers and non-price activity such as imposing caps and reducing fees to be able to transfer and putting in place a regime so that you can unlock your phone when you want to roam are all items that we put in place and that help greatly on that front.

We are currently studying, as I mentioned earlier, looking at the costing with respect to internal roaming fees. We are currently

studying international roaming fees to be able to truly understand why Canadians are paying more on that front.

The Chair: Thank you very much.

Mr. Vis, I see you got the proper headset just in time, so the floor is yours for five minutes.

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

Thank you to our witnesses today.

Mr. Hutton, can you give us a timeline for when roaming fees will be reduced?

Mr. Scott Hutton: We have a current proceeding with respect to internal roaming fees. We are looking at that costing. We're actively working on that front.

We are at the beginning of studying international roaming fees, so that one would certainly be a little further away. However, we are looking to get at why those rates are higher, what the international arrangements are—

Mr. Brad Vis: This is for my constituents, because all of us hear a lot of comments like, "Man, I'm getting hosed on my cellphone bill." A lot of people where I live go to the United States on a regular basis. When can we expect a decision from the CRTC on reducing roaming costs?

Mr. Scott Hutton: I cannot forecast that exact date at this point in time. We are certainly looking at—

Mr. Brad Vis: Well, given the costs that people are faced with every day, can you please get back to our committee once you talk to your advisers, so we can have a specific date?

Thank you.

The other issue I'd like to speak about today relates to connection fees.

I was an existing Telus customer. Recently I went to purchase a new phone. I'd had the same phone for five years. I got my bill. On my bill was a connection fee for \$60. I said, "What a load of crock." I'm paying a premium on my bill. It's just like an added tax.

What position does the CRTC have on connection fees? Do you think a \$60 charge for buying a new phone is an appropriate tax on Canadians for this essential service?

• (1220)

Mr. Scott Hutton: The CRTC, through all of our approaches, is certainly looking to introduce additional competition so we can make sure Canadians not only get high-quality, reliable service—

Mr. Brad Vis: We know you're looking for additional competition, but do you think that connection fee is acceptable?

Mr. Scott Hutton: That's the route we've taken.

What we've done with respect to connection fees is reduce the period in which you are caught by your contract. We've made sure that when you are quitting your contract, you do not have additional fees. We've made sure you can unlock your phone.

Mr. Brad Vis: No, I don't think you understand.

If I'm an existing Rogers, Bell or Telus customer and I buy a new phone, they charge me \$60 just to connect that phone. Is that acceptable?

Mr. Scott Hutton: What isn't acceptable is that they did not tell you this when you subscribed.

We do not regulate the end-user rates of cellular services at this point in time. What they are required to do is explain to you in plain fashion what those charges are. If they have not done that, there is an opportunity to reach out to the CCTS, the ombudsman for services, and receive compensation through that route.

Mr. Brad Vis: What would the CRTC's position be on this scenario? Let's say you're an existing customer of one of the oligopolic companies, and you purchase a new phone through that company and you're given a \$60 bill. What would the CRTC's position be on that? Is that a good practice or a bad practice?

Mr. Scott Hutton: We can't intervene at this point in time on those particular practices.

What we want them to do is inform you so that you can make informed choices with respect to cellular prices. We are actively working on implementing the MVNO regime so there is more competition. Practices that may seem uneasy for consumers are eliminated through competition.

Mr. Brad Vis: Thank you.

Ms. Pratt, at the beginning of the conversation, in your opening testimony you referred to the impact of British Columbians losing Shaw. You outlined that the Shaw-Rogers merger, which you opposed, was not going to be good for British Columbians. I happen to represent a riding in British Columbia where Shaw has a major market presence.

What impact do you believe the Rogers-Shaw merger had on consumers in areas where Shaw had a major market presence?

Ms. Jeanne Pratt: We thought it was going to have a detrimental impact on the prices that consumers pay in British Columbia. That was part of our case.

There were a range of price effects that we put forward for the offerings from Shaw, and in particular Shaw Mobile. What we saw happen in the market was that Shaw Mobile launched and brought in something we were particularly concerned about, because earlier they were bringing prices down, offering bundles and gaining market share—

Mr. Brad Vis: Thank you for that.

I just want to clarify. My understanding is that because of the Rogers-Shaw merger, prices actually went up in areas where Shaw had a major market concentration.

Ms. Jeanne Pratt: I wish I could be more helpful. I don't have a definitive answer to that, because we based our case on the data that was before us pre-merger and during the period of investigation. I do not have an update as to what the price effects have significantly been in any particular market in British Columbia, I'm afraid.

Mr. Brad Vis: However, can I conclude from your remarks that the option for a lower-priced plan offered through Shaw was lost to consumers in British Columbia as a result of the merger?

Ms. Jeanne Pratt: What I can say is that we have no information to say that Rogers is continuing to offer those same promotions that were available under Shaw.

Mr. Brad Vis: Ms. Pratt, you're a very good lawyer.

Okay. Thank you.

[*Translation*]

The Chair: Thank you, Mr. Vis.

Mr. Van Bynen, go ahead.

[*English*]

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Internet access has been an issue for my community for a number of years. I was the mayor of Newmarket for 12 years. The business community's concern was that there wasn't the subscriber density that would justify Rogers or Bell upgrading their infrastructure, so effectively they were splitting the copper. As a result of that, our municipality established an ISP, and the regional municipality established a broadband backbone infrastructure, which increased the competition.

We look at roads, water and waste water as being utilities. When are we going to start to consider that broadband actually is a utility? As well, to what extent has the CRTC provided funding to municipalities so that they can fund municipal service corporations, effectively taking the profit motive out, and consider those as utilities?

I'll address that first to the CRTC, and I'd like to get the Competition Bureau's perspective as well.

• (1225)

Mr. Scott Hutton: We have our broadband fund that we've been working with for a number of years. We're currently looking again at the policy to make sure that it's easy to apply, that we respond faster, and that we look at the remaining areas where access still needs to be completed to achieve the objective of 100%.

With respect to municipalities actually participating, I can maybe ask Mr. Bagglely to help with the criteria on that front.

Mr. Ian Bagglely: The existing criteria are that municipalities can be applicants, but they have to be partnered, as part of a consortium, with an organization that can act as a telecommunications service provider so that we can in turn regulate the service that they're going to put in place.

Mr. Tony Van Bynen: How much of the funding that you've collected so far has actually gone to municipalities?

Mr. Ian Bagglely: I'd have to get back to you on that, but certainly regional governments have been recipients of our fund. I could get back to you with exactly how many specific municipalities there have been.

Mr. Tony Van Bynen: I'd be interested in knowing how the CRTC ensures that the funding is distributed and is complementary to existing government initiatives so that we avoid duplication. I'd be interested in receiving that data.

Mr. Ian Bagglely: That's been a very big part of our fund to date. Part of the reason we have to be so careful in the funding that we've awarded to date is that we have to ensure that we're not overstepping and overlapping, so we work closely with both ISED and our territorial and provincial counterparts. We have done so to date and will continue to do so to make sure that we're dispensing funds in an efficient manner.

Mr. Tony Van Bynen: Ms. Pratt, would that be considered a disrupter? Would that create an increase in competition?

Ms. Jeanne Pratt: I'll defer to Ms. Sonley with regard to whether we've had any public positions on this.

Looking at merger transactions or at the conduct of existing competitors is our bread and butter, so the facts on the ground in a particular area that are relevant to the review of any merger transaction are taken as they come. If investments are being made, for example, they may inform our view of where the market is headed in examining the impact of a particular merger transaction.

Mr. Tony Van Bynen: If you created that utility, it would be simply the last mile that everybody could rent at the same price. Would that increase the competitive environment?

An example is telMAX, I believe, which is taking the last mile off of the fibre optic backbone so that any other competitor could ride that fibre optic backbone at the same price as others. Does that not create a more competitive environment?

Ms. Laura Sonley: It could. I think in general we tend to favour market forces wherever possible, given the difficulties of price regulation. It can be really challenging to keep up, especially in markets like this, with changing prices. In general, we do tend to favour market forces. If that option was found not to be viable, then that would be something we would consider.

Mr. Tony Van Bynen: My concern would be that as we press the major infrastructure holders to reduce their pricing towards third party providers, the return on equity wouldn't be there, and there would be some pressure not to keep the infrastructure up to date and effective.

What kinds of measures should we consider to avoid something like that happening?

Mr. Scott Hutton: That is in fact the subject of the hearing we held that terminated last Friday, at which our colleagues from the Competition Bureau appeared in front of us. We have to ensure that we create a regime in which service is reliable, questions of outages are minimized, service is affordable and we are not the most expensive country in the world, all the while being able to build out and invest in those markets. The model we have chosen is the one in which we're trying to trust competition and we're introducing competition and we're having those competitors use the networks that are in place.

Any new investment by any player in facilities is welcomed and would be beneficial to competition.

• (1230)

The Chair: Thank you very much, MP Van Bynen. I'm afraid I have to cut you off because we're running out of time.

[*Translation*]

Mr. Garon, the floor is yours for two minutes.

Mr. Jean-Denis Garon: Thank you very much.

I would like to set the stage for the next meeting, when we will be hearing from telecommunications companies.

We have a system where companies own their towers and their infrastructure. The capital costs and fixed costs associated with installing towers and infrastructure are significant. Afterwards, however, it seems that the variable costs of using them are very low. Those are conditions that lead to what are called natural monopolies.

In those circumstances, roaming rates become central, so they are very important. The major players are telling us that, if those rates were lowered, it would be terrible for them and they would stop investing. That would be devastating for the Canadian cellular market.

So I am putting this question to the Competition Bureau and I expect a short answer. Do you think there is still room to significantly reduce roaming rates, while maintaining the incentive to invest in Canada?

[*English*]

Ms. Laura Sonley: In our 2019 study that was referenced earlier, we did find that roaming rates greatly exceeded, at that time, the retail rates in the market. We suggested there be a check and balance to look at what the retail prices are after you've completed a cost study, just as a common-sense check on whether the cost study reflects market realities.

If you look now, you see that the price per gigabyte has declined, so I think we would encourage that still in 2024.

[Translation]

Mr. Jean-Denis Garon: I gather then that you think there is a way to lower those rates even further, while maintaining the incentive to invest.

[English]

Ms. Laura Sonley: Yes, that's correct.

[Translation]

Mr. Jean-Denis Garon: That's excellent. That's the answer I was expecting.

The Quebecor representatives told us that roaming rates were regulated and could be negotiated downward. They also told us that the big players were encouraged to create obstacles. We've even heard about an appeal of an arbitration, among other things. What in the current regulatory structure would prevent good-faith negotiations, by mutual agreement, to naturally lower the price of data roaming?

[English]

Ms. Laura Sonley: In the past, in the same study, we did conclude that there was market power at both the retail level and the wholesale level, so I think that this would make it challenging to negotiate an agreement on market terms that was competitive.

[Translation]

Mr. Jean-Denis Garon: So you've seen monopolistic behaviours.

[English]

Ms. Laura Sonley: Yes, that's correct. It's a degree of market power held by the big three carriers.

[Translation]

Mr. Jean-Denis Garon: Thank you.

The Chair: Thank you very much, Mr. Garon.

[English]

Last but not least, we have Mr. Masse. I believe you have a motion to table, so I'll recognize you, Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chair, and thank you to our witnesses for their testimony today.

I'm going to read into the record a motion that has been distributed electronically to members. It relates to the work of this committee.

We have requested CEOs to appear. Mr. Péladeau did follow through on that. That's why I think this motion is in order. We have been given notice that names of other individuals have been submitted to attend our hearings on Wednesday, and unless there's an organizational restructuring, those individuals who appear on Wednesday will not be the CEOs.

Hopefully, this situation will be put on notice and we'll see some co-operation so that it won't be necessary. However, I do want to table this motion to show that at least the New Democrats are sin-

cerely concerned with not following through with what the committee has decided.

The motion states that in relation to the study on accessibility and affordability of wireless and broadband services in Canada, the committee invite—and, if this invitation is not accepted, summon, pursuant to Standing Order 108(1)—the following to appear before the committee to answer questions and explain measures that are being taken: Tony Staffieri, president and CEO of Rogers Communications Inc.; Mirko Bibic, president and CEO of BCE Inc.; and Darren Entwistle, president and CEO of Telus Communications Inc.

I thank members and the chair for allowing me to table this motion today.

The Chair: Thank you, Mr. Masse.

If I understand correctly, you're tabling the motion but not moving it now. We'll give the individuals mentioned in your motion the opportunity to take heed of what was discussed at committee today. Perhaps on Wednesday, if they're not present, we can summon the witnesses to come to committee. Is that correct?

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

The Chair: I recognize Mr. Perkins.

• (1235)

Mr. Rick Perkins: I have a technical question.

I don't know why we would wait until Wednesday. That means, I guess, that we're going to question those folks and then do another meeting to question their CEOs.

Is that what we would do?

The Chair: Yes, Mr. Perkins. That's what is being suggested. I'll just tell you why.

It's good practice to summon witnesses once they've actually not shown up, instead of before. This is giving a bit of notice to the individuals in the motion that they should be there on Wednesday. Provided they're not there, we can summon the witnesses to—

Mr. Rick Perkins: I think they have already indicated that by the names they've put forward.

The Chair: They have indeed. They have the text of the initial motion, which clearly mentions them. They have until Wednesday to change their minds and appear before the committee.

It's a reasonable course of action. We'll question the witnesses they send on Wednesday. Should the others not be here, we'll summon them for a later meeting.

Go ahead, Mr. Garon.

[Translation]

Mr. Jean-Denis Garon: I just have a technical question. In the original motion, we had asked the CEOs to come. I'm trying to find the deadline we had set for their appearance in this motion. Could you tell me what that date was?

The Chair: I don't have it in front of me, but to my recollection, I don't believe there was a deadline. That's confirmed by our analysts and the clerk, as well.

If everyone agrees and there are no further comments, I will thank our witnesses.

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon: If I'm not mistaken, we mentioned the date of February 15.

The Chair: That's not what I have in front of me concerning the invitations. The motion that was adopted did not set a date.

Mr. Jean-Denis Garon: Okay. Thank you.

The Chair: With that, the public portion of our meeting has come to an end.

[English]

I want to thank our witnesses for joining us on this Monday morning. Your testimony is much appreciated.

We will suspend and go in camera for committee business.

[Proceedings continue in camera]

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