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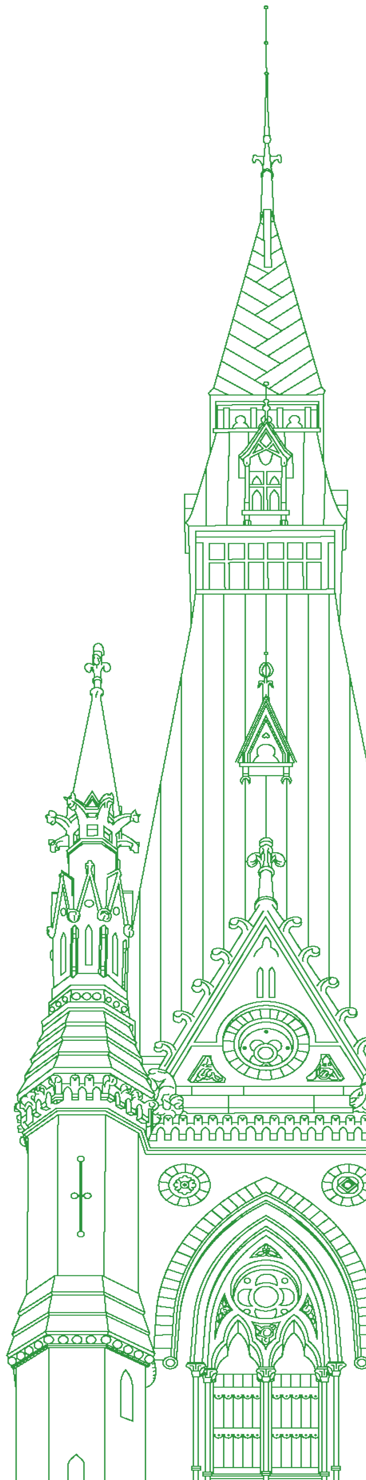

Chair: Mr. Joël Lightbound

Standing Committee on Industry and Technology

Wednesday, February 28, 2024

● (1710)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): Good afternoon, everyone.

I call this meeting to order.

Welcome to meeting number 113 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. In addition, pursuant to the motion adopted by the committee on Tuesday, September 26, 2023, and the motion adopted on Monday, February 5, 2024, the committee is resuming its study on the accessibility and affordability of wireless and broadband services in Canada.

I would like to take this opportunity to welcome the witnesses joining us by videoconference today.

From BCE Inc., we have Robert Malcolmson, executive vice-president and chief legal and regulatory officer, and Mark Graham, vice-president of legal and regulatory affairs.

From Rogers Communications Inc., we have Phil Hartling, president of wireless; and from Telus Communications Inc., we have Doug French, executive vice-president and chief financial officer.

[*English*]

Also, before anything else, I wish to apologize to our witnesses for the delay. There was a vote in the House, which explains why we're starting a little later than planned.

Before turning to the opening statements, I recognize MP Davies for a point of order.

[*Translation*]

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you very much, Mr. Chair.

[*English*]

I appreciate that we have witnesses here and, with all due respect to them, they are not the ones this committee requested to appear.

Therefore, to avoid any further confusion or concerns, and in the interests of Canadians, I will move the following motion, which has been given due notice. It says:

> 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, summons, 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 think the motion speaks for itself, but I believe that these witnesses have already been requested to appear by the committee—my understanding is on two separate occasions—and have not. I think it's appropriate to issue a summons for them to appear to answer questions on these extremely important matters of national interest to all Canadians from coast to coast to coast.

The Chair: Thank you, Mr. Davies.

All members have heard the terms of the motion before the committee. Are there any comments? I see none.

Do I need to put it to a vote, or is there a consensus around the table and online?

(Motion agreed to)

Thank you, Mr. Davies.

I just want to warn our witnesses that there might be another vote, so we might be interrupted again in the course of this proceeding, and the meeting might be adjourned a little earlier than expected.

Mr. Vis, I see your hand is up.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Just to clarify, Mr. Chair, there will be another vote.

The Chair: Yes, we'll wait for the bells.

Thank you, Mr. Vis.

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

Mr. Robert Malcolmson (Executive Vice-President and Chief Legal and Regulatory Officer, BCE Inc.): Good afternoon. Thank you, Chair and members of the committee.

I would like to begin by recognizing that I am joining you from the traditional territories of many first nations and indigenous peoples.

At Bell, our goal is to advance how Canadians connect with each other and the world. We set this goal in recognition of the critical role that Bell's leading-edge wireless and fibre optic infrastructure plays in the lives of Canadians and the future of the Canadian economy.

Canada's facilities-based competition framework is delivering access and affordability for Canadians at a time when prices for other essential goods and services continue to rise. While Canadians are paying more at the grocery store, in rent and in interest on everything from mortgages to small business loans, wireless and Internet prices are consistently declining.

Between January 2020 and January 2024, wireless service prices have declined over 41%. During the same period, inflation for all consumer items increased by over 15%.

Consumers today have a wide range of affordable choices. Let me highlight a few examples.

Through Lucky Mobile, we offer wireless plans starting at $15 a month.

At Virgin Plus, we have a 30-gigabyte plan for $39 a month. Five years ago, a comparable plan with less data cost $180 a month. That means a customer could reduce their monthly bill by $141 while using 50% more data.

In 2019, Bell's Black Friday special offered 10 gigs of wireless data for $75, a price of $7.50 per gig.

Today, you can get 100 gigs of wireless data for $60 when you bundle Bell wireless and Internet services, a price of 60¢ per gig. On a stand-alone wireless plan, you can get 75 gigs of data for $65, or 87¢ per gig.

Meanwhile, payments to government for spectrum in Canada are among the highest in the world. Most recently, Canadian telcos paid the federal government $8.9 billion for 3.5 gigahertz of spectrum. In Australia, telcos paid one-tenth that amount for comparable spectrum. Simply fixing the spectrum licensing process to mirror that of our international peers could reduce cellphone bills in Canada by five dollars a month for every subscriber.

Consumers are also benefiting from lower prices for Internet services. The average retail price of a 600 megabits per second Internet package is down from $71 four years ago to $54 today. This reflects a 25% reduction in the monthly Internet bill of a Canadian household over the past four years.

We are proud of our progress in expanding our networks while lowering prices for our customers. At its core, Bell is an infrastructure builder. Since 2020, we have invested over $19 billion to expand our networks.

That is the value proposition we offer to our customers and to the ordinary Canadians and their pension funds, which trust us to be the stewards of their hard-earned money through the purchase of our stock. However, building a new network is a risky, capital-intensive proposition. The payback period is long and uncertain. The business case for those investments cannot absorb negative regulatory decisions without consequence.

As a direct result of the CRTC's November 2023 decision on wholesale Internet access, which allows third parties to resell our newly built fibre network at below-cost rates, we reduced capital expenditures by over $1.1 billion. That means five million homes and businesses in Bell's footprint that are still without fibre will continue to be without fibre for the foreseeable future. If the regulator does not allow a reasonable return on investment, Bell cannot justify investing billions of dollars in brand new infrastructure just to subsidize its competitors.

Earlier this month, the Minister of Finance made a plea to Canadian companies to support the country's productivity through investment. Bell stands ready to answer that call. We want to invest. We share the minister's view of the importance of business investment and the need for Parliament's and the regulator's support.

Let's work together to build on the success of Canada's longstanding policy of facilities-based competition, rather than piling on additional costs and barriers to investment through heavy-handed regulation.

Thank you.

● (1715)

The Chair: Thank you very much.

I'll now turn to Rogers and Mr. Hartling.

Mr. Phil Hartling (President, Wireless, Rogers Communications Inc.): Thank you, Mr. Chair.

Good afternoon, committee members. My name is Phil Hartling and I'm the president of Rogers Wireless. I've previously led the residential business and our service expansion program. I appreciate the opportunity to speak with you about the telecommunications industry and the work that Rogers is doing to connect more Canadians, drive innovation and deliver more value for consumers.

Rogers is a proud Canadian company. For more than 60 years, we've created tens of thousands of jobs and served millions of customers to bring Canadians the best products and services they can rely on. In the last decade alone, we've invested over $40 billion in our networks.

We've built Canada's largest and best 5G network. Our coast-to-coast Internet network now passes 9.8 million homes, since we came together with Shaw last year. Our investments drive a capital-intensive business. Our planned capital expenditure in 2024 of $4 billion reflects record levels of investment in our networks.

This investment in our networks is not just to support the rapid growth in data consumption, which is growing rapidly. In wireless, for example, data consumption has gone up over 400% in the last five years. Broadband usage on our wireline networks is up over 200%. Last year alone, we invested $1 billion in our wireless network just to keep up with the amount of consumption increase in 2023.

Beyond keeping up with consumption, we are investing in industry-leading innovations like satellite-to-mobile technology, which will bring coverage to every corner of our country—even the most rural and remote parts. It's about harnessing leading global technology to help first responders with early wildfire detection using AI cameras and satellite-powered sensors. It's about bringing cellular service that never existed before along the Highway of Tears in British Columbia, or through eastern Ontario to improve public safety.

We're making these record investments while delivering more value to Canadians in a very competitive market. In fact, since our merger with Shaw and Quebecor's acquisition of Freedom Mobile, the industry has never been more competitive.

Inflation has driven up the price of most goods, including groceries and energy, but it's a very different picture for wireless and broadband services. From the federal government's own data, wireless prices have gone down 50% in the last five years. Since last year, prices are down 16% and wireless prices are now lower than those in the United States.

Think back to 2020, when a 10-gigabyte plan cost $75 a month. Today, you can purchase 30 gigabytes of data for $39 a month. In other words, the cost of wireless is down, both in absolute terms and in price per gigabyte.

As a company, we know there's more to do. In the last year, we've expanded our connected for success program—our low-cost, high-speed home Internet program for low-income Canadians—to include the western provinces. We've also introduced a connected for success wireless program that offers a $25-dollar 5G plan with a no-cost 5G smart phone. For Canadians, we've cut the cost of our most popular 5G plan by 70%. We dropped prices for the entry price of 5G last year by over 40%, from $85 to $55, and it's now $50 a month. The market followed.

Those are real, substantive reductions for consumers. In any given week, companies are offering special promos and deals as we compete vigorously for market share. Last year alone, there were more than 3,000 price plans in the market that Canadians could avail themselves of, and 4.9 million Canadians switched providers in 2023.

Rogers has also introduced a 48-month device financing option at 0% interest with no mobile contract when it's bundled with a Rogers credit card. This cuts the monthly device payments in half. With the average iPhone these days costing $1,200 to $1,500, that kind of reduction makes a material impact on the cost to consumers.

I'll conclude by saying that Rogers shares the commitment of affordability and ensuring that Canadians have the very best in connectivity, regardless of where they live and no matter their budget or needs.

I look forward to your questions.

● (1720)

The Chair: Thank you, Mr. Hartling.

[*Translation*]

I'll now give the floor to Mr. French, from Telus.

[*English*]

Mr. Doug French (Executive Vice-President and Chief Financial Officer, Telus Communications Inc.): Thank you, Mr. Chair and honourable members.

My name is Doug French. I am the executive vice-president and chief financial officer of Telus. Leading a team of over 1,400 professionals, I oversee the financial operations of Telus. I'm a resident of Whitby, Ontario.

This past November and December, we saw the most aggressive price competition between the four national mobile operators in recent memory. It has continued into 2024.

Looking at Telus, we had some incredible deals during this period, including rate plans of $29 for 30 gigabytes on Public Mobile and 50 gigs for $34 on Koodo, which were up to 97% lower than 2020 at the start of the government's 25% reduction mandate for price per gigabyte. Some of the prices we saw during these holiday periods were so aggressive that they were actually not profitable during the contract period.

Customers are taking advantage of these highly competitive environments, which are enabled by a wide range of choice among all our carriers and the ease with which they can switch providers while keeping their own phone numbers. During the last quarter of 2023, the volume with which customers were switching providers was up 40% year over year.

Like cellphone prices, Internet prices are rapidly declining. Statistics Canada data from January show that consumers paid over 4% less for high-speed Internet services on average from one year earlier. Telecom prices continue to go down even as prices for all other essential services are on the rise.

According to Statistics Canada, between 2021 and 2023, average housing costs went up by more than $1,800 a year, groceries by more than $1,600 a year and electricity costs by more than $150 a year. By comparison, Canadians are paying, on average, $275 less for cellphones and at least $75 less for Internet.

Even as Canadians are paying less for their telecom services, they're getting more. Every year we're offering faster, diverse, more expansive and more reliable services, as well as larger data buckets for the same or lower pricing.

Given high rates of inflation, we're seeing significantly rising costs associated with running, building and protecting our infrastructure, including the impacts of the changes we're seeing in the Canadian climate; the high price of devices, equipment and spectrum; and increasing labour costs. The cost of building networks in Canada is 103% higher than in any other G7 country, based on its unique geography, topography and population dispersion, and including the items I talked about above.

Against this backdrop, Canada still has some of the best networks in the world. According to the OECD, we're second only to South Korea for wireless services and in the top 10 for home Internet.

Our world-leading networks are supported by world-leading investment, creating massive benefits for all Canadians. The industry directly and indirectly provides jobs for over 724,000 Canadians when you look at our investments as they're being talked about today. Connectivity infrastructure accounted for almost 20% of Canada's labour productivity between 2009 and 2019. The telecom industry generated over $76 billion in GDP in 2022, making up over 3% of the national economy.

At the heart of Telus is our social purpose. We are leveraging our technology and compassion to drive social change and enable remarkable human outcomes. We are bridging digital divides by bringing our networks to rural, remote and indigenous communities. We make connectivity accessible to everyone, no matter their social or economic circumstances, through our Connecting for Good programs, which offer heavily discounted home Internet and mobility services for low-income families, seniors, youth transitioning from foster care and new refugees coming to Canada. Not many industries in Canada, or industries anywhere, offer these kinds of discounts under that framework.

Our social purpose drives all the areas of our business, from how we invest to how we innovate to how we put customers first. We're ready to compete to do what's right for Canadians and generate the best outcomes for our customers, our team members, all of our communities across Canada and shareholders.

We know there is more to be done and I look forward to continuing to work together.

● (1725)

Thank you.

[*Translation*]

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

I'll give Mr. Williams the floor to start things off.

[*English*]

Mr. Ryan Williams (Bay of Quinte, CPC): We are here today because Canadians are paying the highest cellphone bills on the entire planet. We had a government that in 2020 said they were going to reduce cellphone bills by 25%. We had a Prime Minister in the House of Commons who said he did exactly that and that prices went down 25%.

Mr. Hartling, are your prices down 25%, yes or no?

Mr. Phil Hartling: Prices are falling in Canada, as Statistics Canada reports. The industry sets the pace—

● (1730)

Mr. Ryan Williams: Mr. Hartling, I only have so much time. Are your prices down 25%?

Mr. Phil Hartling: Prices are down 50% over the last five years, and 16% in the last 12 months.

Mr. Ryan Williams: You're saying that your prices are down 25%. We've had a lot of statistics bandied around this committee and to the Canadian public.

We're going to look at one statistic today, and that's monthly average revenue per account, ARPU. In layman's terms for those listening at home, that means the average revenue taken in and how many accounts that each of these companies has. Basically, that is the best statistic we have for Canadians to show exactly how much revenue is coming in and how much that revenue is paying per customer. In other words, this is exactly what is coming in for Canadians and how much they're paying these public companies.

When it comes to looking at 2022 versus 2023, Rogers had an average revenue per account of $57.89 in 2022, and in 2023 it was $57.86, a decrease of only three cents. With Bell, in 2022 it was $58.92, and in 2023 it was $59.08. In 2022, Telus was at $58.10, and in 2023 it was $58.78.

There are a couple of observations from this. One is that all three of these companies seem to be very similar, within two or three dollars of each other. Two, the average revenue per customer has not gone down, except for Rogers, by three cents.

Mr. Hartling, how do you account for these numbers on average revenue per user with the statement you just made that you've dropped cellphone bills by more than that?

Mr. Phil Hartling: Let me begin by making an observation.

When you use the term average revenue per user, or RPU, it is not the same as the monthly service fee that the customer pays. To clarify, let's look at what's in RPU.

The way RPU is calculated is that it's all wireless revenues over all wireless subscribers. One portion of what's included in wireless revenues is the monthly service fee. For example, if you're paying $50 a month, that's part of RPU. On top of that, we include in RPU things like device protection insurance. Suppose that you decide your cellphone is expensive and you're afraid that you're going to lose it or drop and break it. You can buy an insurance policy, and that's included—

Mr. Ryan Williams: Mr. Hartling, I'm sorry to interrupt, because I know you're adding this in.

Are these charges you're adding being paid for by the consumer, like insurance and anything else? Are these being paid by Canadians, yes or no?

Mr. Phil Hartling: Some are being paid by consumers and some are being paid by businesses.

If you'll let me finish, I could give you a few more examples of RPUs being paid by businesses. For example, Tesla pays us to access their network—

Mr. Ryan Williams: Mr. Hartling, I'm sorry to interrupt you.

By “customer”, you're trying to tell me that a business is not a customer. A business is a customer. I take it that what you're trying to say is that these are add-ons and not what the Prime Minister meant when he said that he was going to decrease cellphone costs. That's what we're trying to understand here.

Cellphone bills are what consumers pay, and whether it's an add-on or another charge like the $60 activation fees, these are revenues coming in. When consumers pay bills, a lot of Canadians are confused about what they're paying month to month. I will also note that this does not include tax, which is added to these bills.

These customers are paying these bills. No matter how you break it up per individual, is that how this stat is broken up, yes or no?

Mr. Phil Hartling: As I said, it's the total amount of revenue.

When we look at the trend of pricing in Canada, we're looking at the monthly service fee. Those are the things the customer pays. The customer may choose to add on additional services, but that's a customer choice. We're not talking about additional services and customer choice; we're talking about the average monthly service fee. That's what Statistics Canada—

Mr. Ryan Williams: Thank you, sir.

Customers do have choice, but they are also sometimes locked into plans for two years. We can say that Canadian are just paying bills, and at the end of the day, we're looking at bills for Canadians.

Does that ARPU include all revenue from Fido, Chatr and Cityfone?

Mr. Phil Hartling: Yes, it does.

Mr. Ryan Williams: Just to be clear for consumers, these are sub-brands of Rogers. A lot of people who have Fido, Chatr or Cityfone may not know that.

Sir, we're here because you made an announcement to raise fees up to nine dollars for some accounts. When we're talking about the increase of fees, Canadians are already paying the highest in the world. When we look at ARPU, Canadians are still paying almost twice what Australians are paying in a country that has a similar geography and fewer people.

Do you think we have enough competition in Canada, yes or no?

● (1735)

Mr. Phil Hartling: Let's start by talking about your claim that Canadians are paying the highest prices in the world. We know that there are facts on the table that show that Canadian prices are lower than U.S. prices and lower than Australian prices. It's not true that Canadians pay the highest prices in the world.

Mr. Ryan Williams: Sir, I would dispute your claim. If you would like to submit those facts, as you think Americans are paying more than Canadians, please submit them. We do not have that data.

The Chair: Thank you, Mr. Williams. That's all the time we have.

I'll just let Mr. Hartling finish his train of thought.

Mr. Phil Hartling: Mr. Chair, we would be happy to provide additional information with respect to price comparisons between our prices and prices in the United States. We'll follow up with the clerk.

The Chair: Thank you.

MP Turnbull, the floor is yours.

Mr. Ryan Turnbull (Whitby, Lib.): Thank you.

Welcome to the witnesses. Thank you for being here today.

Mr. French, I'll start with you. I would note that you're from the greatest town in all of Canada, my hometown of Whitby. It's great to have you here.

You mentioned that the volume of switching suppliers was up about 40%. Can you just clarify that I got that number right?

Mr. Doug French: You did.

Mr. Ryan Turnbull: Is that a result of the federal government's work to essentially create a $50 fee for breaking contracts? Has that helped lead to more switching, in your opinion?

Mr. Doug French: In my opinion, what we've seen is that because of the cost of handsets, there is a significant number of customers not signing contracts anymore. More and more customers are signing up for “bring your own device”. I would say that a lot of the switching is happening due to customers keeping their handsets longer. This is the primary reason we have seen for the switching movement.

Mr. Ryan Turnbull: Okay. Great.

Similar to Mr. Williams' line of questioning, but certainly taking a different tone, I have a question for both Bell and Rogers.

I want to ask you, Mr. Hartling and Mr. Malcolmson, about the article that spurred this particular study. It was about an increase in prices, to my understanding, for customers at Rogers who were off contract. Can you explain what percentage of your customer base that would be?

I'll start with Mr. Hartling.

Mr. Phil Hartling: Sure. Thank you for the question.

It depends on the brand. For example, with Rogers, a little under half of our customers are no longer under contract. With Fido, it's more like 75% of customers are not under contract. With Chatr, no customers are on contracts. It has become the dominant percentage, really, of the customer base that doesn't have a contract.

Mr. Ryan Turnbull: Mr. Hartling, I note that you said, “Rogers shares in the commitment to affordability”. What I want to know is why, at a time when Canadians are really struggling, you would be increasing prices at all for people who are off contract. Is there a rationale for it that you can provide to the committee?

Mr. Phil Hartling: We often make plan adjustments. For example, last May we lowered the price for 5G entry plans from $85 to $55. That's now $50 for 75 gigs a month. We introduced low-cost options for students, teenagers and senior citizens. We introduced a connected for success program that provides a $25 5G plan, plus a free smart phone, for low-income Canadians. We have plans starting at $15.

The general trend in the industry is that prices are falling. That's what Statistics Canada reports when it says that our prices are down 50% over five years and 16% in the last year. That's the general trend. At the same time, we're investing record amounts in our network—as I said, $4 billion—with a record amount of that going to building networks across Canada.

No other industry that I can think of is lowering prices at the rate the wireless industry is. At the same time, consumption of the product is growing quickly and our costs continue to grow. Our cost of borrowing, our cost of labour, our cost of equipment and our cost of spectrum are all up, but at the same time, as StatsCan shows us, prices are coming down.

● (1740)

Mr. Ryan Turnbull: I agree. I've been an advocate of the StatsCan numbers, just to bring us down to reality and to be fact-based and evidenced-based in our discussions and debates on this topic, which I feel is very important. Thank you for highlighting that.

I still don't understand how that provides a rationale for increasing prices for a significant number of your customers who are off contract. If I was a business person, I think it would incentivize people to enter a new contract. Wouldn't you say that's the main objective, to raise prices on individuals who are off contract so they will renegotiate a contract to stay with Rogers? Isn't that a rationale?

I understand that your costs are going up in other places, but you're also a highly profitable company. We don't have much empathy for the fact that your cost increases are significant when you're profiting so handsomely. How does this provide a strong rationale for those off-contract increases?

Maybe just give a quick answer, because I can see the chair giving me the evil eye.

Mr. Phil Hartling: I guess what I'm trying to say is that we're often making plan adjustments. Occasionally, prices go up; more often, they go down.

When a customer receives notification of a price increase, it's very easy for them to reach out to us online, through our retail store or in the call centre to see if there's a better option for them. Perhaps one option they may choose is to go into a contract and get a new smart phone. Another option they may choose is BYOD, or bring your own device, which is a plan that's available in the market. We make it easy for customers to make those changes.

The Chair: Thank you very much, MP Turnbull.

Colleagues, a vote has been called in the House. As you can see, the bells are ringing. I have one suggestion, given that we have already started our first round of questions. It's that we finish this first round of questions so that Mr. Garon and Mr. Davies have their turns. Then we would adjourn the meeting.

Do I have unanimous consent for that? No.

Do you want to adjourn right now, Mr. Perkins?

Mr. Rick Perkins (South Shore—St. Margarets, CPC): I understand that even with the planned votes and the votes happening in addition to those votes, we have two hours' worth of resources available. I would say that we continue the meeting and suspend, as we normally do while we're sitting here, to do the votes when necessary, and then go back to questioning and testimony.

The Chair: I'll just proceed the regular way.

Do I have unanimous consent to continue the meeting until five minutes before the vote?

Some hon. members: Agreed.

The Chair: We'll go on and then we'll suspend.

Mr. Garon.

[*Translation*]

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

Thank you to the witnesses for being here.

Gentlemen, the fact is that we are in an extremely concentrated market. Three telecom giants—Bell, Rogers and Telus—own just about every brand. I realize there are many different versions of these brands, but they're really all the same candy in different wrappers.

New players, such as Videotron, are trying to enter the market, but their roaming rate agreements are being challenged. In fact, arbitration of such agreements, which would bring in new players, is going to be appealed.

Smaller companies want to set up shop, but they tell us that it's absolutely impossible to get into the market. As a matter of fact, it's so hard that companies like Cogeco are starting to look at the American market because ours is impenetrable. Cogeco, a Quebec company, is looking at providing cell services in the United States. That's the current state of the Canadian cell market.

Our market is so uncompetitive that CEOs think it's okay to ignore invitations to testify to Parliament. That's the kind of market we're in. Corporations are telling us that it's not true prices are higher in Canada. Apparently that's a myth.

Yes, we're seeing lower prices, technological innovations and efficiency gains around the world. Prices have come down. Most of your companies are shouting it from the rooftops, but the Competition Bureau and the Canadian Radio-television and Telecommunications Commission, the CRTC, told us, right here in this room, that the prices Canadians pay are not as low as they should be and that prices have dropped less here than in the rest of the world. That's the Canadian reality.

I'll start with a short question, and I'll ask for a short answer, please, Mr. Hartling.

When it comes to pricing and lower prices, don't you want to be in the same league as the best in the world?

● (1745)

[*English*]

Mr. Phil Hartling: I absolutely believe that we are among the best telecommunications networks in the world and Canada.

[*Translation*]

Mr. Jean-Denis Garon: I'm talking about bringing prices down.

Prices have dropped much less in the Canadian market than in other industrialized countries. Your companies keep telling us that prices have dropped, but we haven't seen the same price cuts in Quebec and Canada as in other countries.

Your companies' messaging is that high prices in Canada are a myth, yet prices should have dropped more than they did.

I will ask you again. When it comes to lowering prices, don't you want to be in the same league as the best?

[*English*]

Mr. Phil Hartling: I think you have to put the question in context. It costs a lot of money to build networks in Canada. It's a big country. We pay the highest spectrum prices in the world for the spectrum we use to operate in. We have a high concentration of cellular towers just because of the size of the geography and the very small population.

When you're looking—

[*Translation*]

Mr. Jean-Denis Garon: I'm going to interrupt the witness, Mr. Chair.

I don't want to come across as rude, but you're repeating what you said in your opening remarks.

We know that roaming rates are extremely high in Canada. We know that the market structure here means the heavyweights own the infrastructure, which means that roaming rates are the key to bringing prices down. We know the big players are not keen to lower their rates. You don't seem to want to talk about that for some reason.

I'm going to ask you another question, Mr. Hartling. Is there anything the price of spectrum in Canada isn't responsible for?

[*English*]

Mr. Phil Hartling: I'm sorry. Could you repeat the question? I don't understand it.

[*Translation*]

Mr. Jean-Denis Garon: You keep talking about the price of spectrum. However, there seem to be certain behaviours, anti-competitive behaviours, if you will, with respect to roaming charges to access your infrastructure.

I understand that Canada is a big country; I get the geography. We can all read a map, but couldn't you reduce your roaming rates for new players?

[*English*]

Mr. Phil Hartling: Thank you for the question.

We have dropped roaming fees for new players. In fact, the MVNO regime is designed specifically to facilitate companies like Freedom Mobile and Quebecor to operate nationally, and that is happening today.

[*Translation*]

Mr. Jean-Denis Garon: Mr. Hartling, if you were to lower roaming rates again, at what price— The CRTC and the Competition Bureau have told us that you can reduce those prices more while still making substantial profits. You could reduce your roaming charges for new entrants, such as Cogeco and Quebecor. At what price are you no longer making money from roaming charges?

[*English*]

Mr. Phil Hartling: As to the fees we currently have negotiated with Videotron, according to the MVNO regime, they are actually below our costs. That's been a matter of public record, and I know there's an appeal going on. Beyond that I think we should—

[*Translation*]

Mr. Jean-Denis Garon: I'm asking you a purely financial question, Mr. Hartling. It's purely financial. If you were to lower your prices, at what price would you stop making money on roaming charges? It's a factual question.

[*English*]

Mr. Phil Hartling: Thank you, and I'm trying to answer the question.

The price that we've negotiated for Videotron is actually below our costs.

[*Translation*]

Mr. Jean-Denis Garon: If you went below that price, you'd be losing money on your infrastructure investments.

[*English*]

Mr. Phil Hartling: That is correct.

[*Translation*]

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

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

Mr. Hartling, regarding the price of spectrum, would you please send the committee as much information as possible to inform our work? We'd appreciate that.

We go now to Mr. Davies.

[*English*]

Mr. Don Davies: Thank you, Mr. Chair.

This is to any or all three of the witnesses. The telecom sector in Canada made record revenues of $66.8 billion in 2022 for mobile and Internet services. Do any of you dispute that figure?

I'm taking that silence as a no.

Does anybody have figures for 2023 that would indicate this figure has come down?

I'll take that silence as an answer as well.

Can you also confirm that those are record revenues for the telecom sector? Does anybody dispute that those are records?

Okay. Thank you.

To Rogers, why is it that the cost per gigabyte of data in Canada has not been dropping as quickly as in other countries? Can anybody explain that to me?

● (1750)

Mr. Phil Hartling: The cost per gigabyte has been dropping in Canada, as we know. What I think I said earlier is that we're prepared to provide information to the committee, through the clerk, that will show you our costs relative to those of the United States, which is a good comparison. We will follow up with that information.

Mr. Don Davies: What about relative to European countries? Is the cost per gigabyte of data dropping relative to most European countries?

Mr. Phil Hartling: If you look around the world, what you'll generally find is that countries that are much smaller and more densely populated have a lower price per gigabyte simply because of the investment profile. The cost of providing the services is much lower, and the quality of the service in many cases is much lower.

Mr. Don Davies: I'll stay with you, Mr. Hartling. I think you mentioned StatsCan. It's my understanding that StatsCan has to base its index for cellular services on public data for plans available for new customers, which are often, of course, artificially low and enticing in order to win the customer. It doesn't have access to what people are actually paying on their monthly bills.

Why isn't your company willing to provide that data, including monthly charges, so that Canadians can see whether the prices people are actually paying are coming down, as you claim?

Mr. Phil Hartling: I want to make a small correction. The prices that are available to new customers are also available to existing customers. For example, last year at Rogers, two and a half million customers changed their price plans. It's easy for a customer to move to a price that's available from the one they're currently paying. We make it easy for a customer to switch.

Mr. Don Davies: I see.

To Bell, in November 2023, Bell announced that it would cut over $1 billion from its capital expenditure plans for high-speed fibre Internet services for Canadians in response to a CRTC ruling that said Bell and Telus had six months to provide Internet service providers in Ontario and Quebec with access to its fibre-to-the-premises networks. That was in an effort to increase competition and choice for Canadians.

The ramifications of that are being felt in places like London, Ontario, which is alarmed by the cutbacks that you have announced for that city. At the time, my colleague Brian Masse, the MP for Windsor, stated that cutting planned service expansions was a form of "blackmail" of Canadians with regard to the CRTC decision.

I believe your company's behaviour is being investigated by the Competition Bureau. What is your explanation of these actions your company has taken?

Mr. Robert Malcolmson: Just before I answer that, I think it is worthwhile to touch very briefly, if you'll allow me—because I've been following this discussion with interest—on comparing wireless pricing between Canada and the U.S. and between Canada and Europe.

If you look at StatsCan, at the United Kingdom Office for National Statistics and at the U.S. Bureau of Labor Statistics, you see that over the past seven years—so a long-term trend—the wireless consumer price index in Canada has come down 49.6% and in the U.S. has come down 11.7%. Prices are dropping exponentially faster in Canada. In the U.K., a European market, the consumer price index for wireless has gone up by 22%. This is just to amplify Mr. Hartling's comments with regard to the U.S. and Europe. Our prices are coming down faster.

In terms of our decision to put a pause on fibre-to-the-home network investments as a result of the CRTC's decision, the reality is that we're building a brand new fibre network. We've built it out to 7.4 million locations within our footprint. We still have five million to go.

There's nothing we would like to do more than continue building our fibre network, but there has to be an economic business case behind it. When regulatory policies require you to immediately open up that network to your competitors to resell it in competition with you, the business case for that investment—

● (1755)

Mr. Don Davies: I'm going to stop you. You decided to take a lot of time answering a question I didn't ask.

With record revenues of $66.8 billion in 2022, it looks like your business case is working just fine.

Mr. Chair, I move to adjourn.

The Chair: This is a dilatory motion and it calls for a vote.

Mr. Rick Perkins: The Liberals are trying to shut it down.

(Motion agreed to: yeas 6; nays 5)

The Chair: The motion passes and the meeting is adjourned.

Thank you to our witnesses.