

News

Liberal MP Turnbull says Conservatives have ‘overstated the significance’ of Rogers’ price hike for wireless customers

‘Wireless prices have come down dramatically, actually, and I don’t think we’ve told that story well enough,’ Liberal MP Ryan Turnbull says. However, Canadians continue to pay some of the highest cell phone bills in the world.

BY IAN CAMPBELL

Industry Parliamentary Secretary and Liberal MP Ryan Turnbull says the Conservatives are blowing Rogers’ price hike for its wireless customers out of proportion, despite the fact that Canadians still pay some of the highest prices for wireless services in the world.

In an interview with *The Hill Times*—in which he was speaking in his capacity as a member of the government—Turnbull (Whitby, Ont.) said the Conservatives had “overstated the significance” of the recent price increase from Rogers, since many of their customers who are on a contract would not be immediately affected.

Rogers Communications announced in early January that it would raise prices for wireless customers by an average of \$5 per month per customer, though it would exempt those who are currently locked in a contract. The announcement came less than a year after its merger with Shaw Communications. As part of that deal, Rogers made a series of commitments, which included “honouring a five-year price commitment for Shaw Mobile customers.”

“Wireless prices have come down dramatically, actually, and I don’t think we’ve told that story well enough,” Turnbull told *The Hill Times*, noting that the Consumer Price Index from Statistics Canada had tracked an overall decrease in cell phone prices last year. “So I think it’s a great opportunity for us to tell that story and hear from witnesses that will provide evidence to that.”

Despite those decreases, studies continue to find that



Liberal MP Ryan Turnbull said he is open to the Industry Committee studying cell phone prices in Canada, but wants to take a broader approach than what was proposed by the Conservatives. *The Hill Times* photograph by Andrew Meade

Canadians pay some of the highest cell phone prices in the world.

In response to Rogers’ price increase, and with affordability issues continuing to dominate discourse, four Conservatives and one Bloc Québécois MP recently called on the House Industry Committee to study cell phone prices in Canada.

In a Jan. 8 letter to the Industry Committee, Conservative MPs Rick Perkins (South Shore—St. Margarets, N.S.), Ryan Williams (Bay of Quinte, Ont.), Bernard Généreux (Montmagny—L’Islet—Kamouraska—Rivière-du-Loup, Que.), and Brad Vis (Mission—Matsqui—Fraser Canyon, B.C.), and Bloc Québécois MP Sébastien Lemire (Abitibi—Témiscamingue, Que.) called for an urgent meeting of the committee to discuss the possibility of such a study.

In their letter, they framed the potential study squarely around Rogers.

“Canada’s cell phone market was made worse this year when the Liberal government approved Rogers’ takeover of Shaw,” said the letter. “The looming price hike by Rogers appears to be the first material impact of Canada’s cell phone market becoming less competitive.”

The letter quoted Rogers CEO Tony Staffieri, who had said “prices are going to come down” as a result of the merger, and Industry Minister François-Philippe Champagne (Saint-Maurice—Champlain, Que.) who had said he would watch the fallout from the merger “like a hawk.”

In light of that, the letter said, the committee should study cell

phone prices that are “in direct contradiction to the testimony of wireless CEOs before this committee January 27, 2023, and statements made by the Liberal Minister of Industry [sic].”

Turnbull, who is also a member of the Industry Committee, said he is open to seeing a study on cellphone prices in Canada at that committee, but pushed back on the Conservatives’ framing.

“I’m not defending Rogers. I don’t know why Rogers would be increasing their prices at all, given the current context [of the pressures] that Canadians are experiencing. So I’m very empathetic to the public perception. But at the same time, the conclusions, as I said, that Conservatives are trying to draw from this, or spin out of it, are patently false,” said Turnbull.

He told *The Hill Times* he is supportive of a “broader, more thorough study” than the one proposed at committee on Jan. 11.

“It’s an opportunity to look at something that is an important topic that I think Canadians care about,” said Turnbull.

Discussion at committee on Jan. 11 focused largely on whether to move forward with the motion moved by Perkins, or to return to a motion put forward by Lemire earlier this year that had called for a telecom study that was broader in scope. Turnbull said he prefers the latter, and the lone NDP member on the committee, Brian Masse (Windsor West, Ont.), also indicated such a preference at committee.

On Jan. 17, a spokesperson for Lemire told *The Hill Times* that the Bloc MP had signed the letter with the Conservative MPs because he hoped it would be a way to bring attention back to his own study that he had proposed earlier this year. The spokesperson said that it remains Lemire’s preference to pursue his own, more broadly-framed study, rather than what he sees as a narrower one proposed by the Conservative MPs.

The motion did not reach a vote on Jan. 11 before the meeting was suspended—not adjourned. The committee is set to meet for a scheduled closed-door planning meeting on Jan. 18, when it is expected to consider how to move forward.

Experts have mixed views on potential value of study, what it should focus on

The Hill Times spoke with a number of experts on competi-

tion law and the wireless sector, regarding what impact a study by the Industry Committee could have.

Keldon Bester, executive director of the Canadian Anti-Monopoly Project, said any new study could be most effective by focusing closely on the Rogers-Shaw deal.

He said a particular aspect that it should look at is the expansion plans of Videotron. As part of the agreement for the Rogers-Shaw merger to go ahead Rogers was required to sell Freedom Mobile to Videotron, a subsidiary of Quebecor, so that it could provide competition as a fourth player in the market.

“If there’s something to be studied, I think it should be: since the approval almost a year ago, what are the firms—particularly Rogers and Videotron—doing to make good on those commitments that they made to the minister?” said Bester.

“I don’t doubt the minister’s commitment and the department’s commitment to tracking this, but I think the reality is that Canadians are going to need more transparency, especially as we see what appear to be conflicting messages,” with prices going up despite the message they would go down.

John Lawford, executive director and general counsel of the Public Interest Advocacy Centre, an advocacy organization representing consumer interests, said he believe a broader study is warranted.

“I think if they were seriously going to try to dig into a few of the more structural reasons why we keep coming back to high prices that are usually in the top three in the OECD, that’s a great thing,” said Lawford.

He said a minority Parliament makes this an even more opportune time for such a study to go ahead, because committees can wield more influence in these circumstances.

Lawford said looking at other countries around the world shows that having a fourth or even fifth major player in the market is one of the most important factors in getting lower prices, but that Canada, is a long way away from this, and the committee should look at some of the structural reasons why new competitors are left “pushing a rock up a hill.”

A key factor he pointed to was the “robust backhaul” of underground lines that the three major players have, giving them “an almost an impossible head

start.” Lawford said these are essential to being able to operate a network, and will remain so for at least another 10 to 15 years before tower-to-tower communications may become a more viable option.

Jennifer Quaid, a University of Ottawa law professor who studies competition law, said in her view there are only limited ways in which a study by the committee could make an impact, and the committee would need to weigh whether such a study was the best use of its time and resources, especially as it deals with other demanding matters, such as its study of Bill C-27, the federal government’s privacy legislation.

However, one particular area where she said the committee may be able to shed some light on the topic is if it were to explore allowing foreign competitions to enter the Canadian market, and how to navigate the issues associated with such a step.

“One risk that the telecom companies might be mindful of is, if they play it too cute—and they’re a little too, like, ‘Well, of course we can [raise prices] and what are you going to do to stop us?’—it might just be enough to open the door to thinking about foreign competition,” she said.

Quaid said it could be interesting for the committee to hear from experts regarding both the pros and cons of allowing foreign competition to enter the Canadian marketplace, and what parameters would be needed regulate their entry.

For example, she said, the committee could hear about whether it would be necessary to mandate foreign competitors to serve all geographic regions of Canada, in order to ensure they do not “cannibalize” the more dense and profitable markets.

Dwayne Winseck, a Carleton University communications professor who studies media concentration, was not convinced a study by the committee was the best route to take.

“Study after study all point in the same direction—even if they may have some internal slight differences—that cell phone prices in this country continue to be very, very high by international standards,” said Winseck. “And notwithstanding the declines—that have been significant since 2016—those prices continue to be high.”

Winseck said he did not believe the Industry Committee would provide “any new insights on this matter,” and he was concerned it may in fact provide an opportunity for large telecom companies to re-enforce their message on the issue.

“The only thing I can see it doing is heating the political temperature on the issue and giving it additional gravitas by putting it on the hot seat,” said Winseck. “This just gives you one more opportunity for the major Canadian telcos to get in there and do their full court lobbying presses and muddy the waters.”

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