

December 18, 2020

Mr. Michael MacPherson
Committee Clerk
Standing Committee on Industry, Science and Technology
197 Sparks St., Wellington Building, Room 315
Ottawa, Ontario K1A 0A6

Dear Mr. MacPherson,

**Re: Accessibility and Affordability of Telecommunications Services
- Rogers' Comments**

1. In response to the Standing Committee on Industry Science and Technology's ("the Committee's") work pursuant to Standing Order 108(2), Rogers Communications Canada Inc. ("Rogers") is pleased to provide the following comments regarding the accessibility and affordability of telecommunications services in all regions of Canada, particularly in rural areas.

Introduction

2. Rogers is one of Canada's largest telecommunications service providers. It is Canada's largest provider of wireless communications services and one of Canada's leading providers of cable television, high-speed Internet, information technology, and telephony services to consumers and businesses. Rogers' mobile wireless network covers 97% of the population of Canada, including many rural communities.
3. Through massive ongoing investments in network infrastructure, Rogers and other telecommunications service providers have supported the federal government's objective of ensuring Canadians in all regions of the country, including rural and remote areas, have access to high-quality service. The industry now stands on the cusp of the 5G era, which will require extraordinary investments in advanced new technology that promises to transform industries and enhance Canada's competitiveness. These investments will require a regulatory framework that provides the right incentives.
4. Although Canada's world leading networks continue to expand each year, the economics of deploying services to many rural and remote communities are very challenging. In these circumstances, public broadband funding programs are essential to help close the digital divide and ensure that more Canadians can fully participate in the digital economy. However, even with this public support, rural deployment will falter without affordable access to existing infrastructure and rights of ways. The inability to rapidly lay fibre and other network equipment at reasonable costs

continues to delay and even prevent the expansion of networks into unserved areas. Rogers though is committed to working with all levels of government to overcome these obstacles and connect every Canadian community.

5. While carriers continue to build and upgrade their networks, prices continue to fall. Canada's telecommunications market has never been this competitive, with Canadians enjoying greater choice, better services, and increasing value. Despite significant ongoing investments in broadband networks, prices of wireline and wireless services are dropping in Canada. Consumers are getting more data for their money while enjoying access to the world's latest and greatest technology. Canadians now benefit from unlimited mobile wireless data plans with no overage charges and dozens of new lower cost plans, including new low-cost data-only plans. These, and a variety of other price plans, offer Canadians affordable options to satisfy their growing demand for connectivity.

Accessibility of Telecommunications Services in Canada

6. Canadians have access to world leading wireless and wireline broadband services, enabling them to connect with family and friends, work, learn, shop, bank, stay informed, and be entertained. According to the CRTC's recently published Communications Monitoring Report, in 2019, more than 99% of Canadians, including more than 97% of rural Canadians, had access to LTE mobile broadband networks¹ while more than 87% of Canadian households enjoyed access to the Universal Service target of 50/10 Mbps fixed broadband Internet service.²
7. Canada's fast, reliable broadband networks will continue to position Canada for ongoing success in an increasingly digital world. Canada is a global leader in the provision of high-quality wireless and broadband services. Canada tied for first place, with South Korea, achieving the highest average mobile download speed in the world according to a report published by Opensignal in May 2020.³ Opensignal's analysis also found that that while South Korea's mobile download speeds grew by 12.5% from 2019 to 2020, Canada's mobile download speeds soared 40.1% over the same period.⁴
8. Our country also has amongst the highest broadband speeds in the world. Canada ranks number three in the G7 plus Australia for fixed wireline broadband download

¹ CRTC Communications Monitoring Report 2020, p. 99.

<https://crtc.gc.ca/eng/publications/reports/policymonitoring/2020/index.htm>

² *Ibid.*, p. 104.

³ The State of Mobile Network 2020: One Year into the 5G Era, Opensignal, May 2020.
https://www.opensignal.com/sites/opensignal-com/files/data/reports/pdf-only/data-2020-05/state_of_mobile_experience_may_2020_opensignal_3_0.pdf

⁴ The State of Mobile Network 2020: One Year into the 5G Era, Opensignal, May 2020.

speeds, providing speeds that are far higher than the global average, according to Ookla's November 2020 Speedtest Global Index.⁵

9. The crucial role played by Canada's resilient broadband networks in the functioning of Canadian society and the economy has never been more evident than during the ongoing COVID-19 pandemic. The current crisis, and the necessary restrictions that have been imposed, dramatically underscore the vital importance of ongoing investments in high quality, resilient broadband networks across Canada, and of extending these networks to the country's remaining underserved areas.
10. During the current crisis, Canada's broadband networks have enabled an unprecedented and rapid pivot from business as usual to the current reality of social distancing. As a result of this successful transition, Canadian businesses continue to function as millions of employees work from home and customers are able to conduct transactions online. Those with special needs have access to critical services. Students have maintained their education using remote learning. Friends and families remain connected and entertained. Our broadband networks provide the foundation for our lives today, more than ever before.

Bridging the Digital Divide

11. Unfortunately, connectivity in many parts of rural Canada lags the rest of the country. As mentioned before, 87% of all Canadian households experience broadband speeds of at least 50/10. However, that number drops to 45% outside of the urban areas. COVID has only exasperated this gap, shining a spotlight on the need for advanced and reliable internet service in every community. Canada can and must do more to connect every resident.
12. Many challenges face this effort. Two of the most significant obstacles to the deployment of broadband services in rural and remote areas are high costs and low population density. It can be prohibitively expensive to build in these parts of the country with few customers to support these investments.
13. Given these challenges, public support is absolutely essential. Together, the federal government, along with its provincial counterparts and other federal bodies such as the CRTC, have launched several initiatives to close the digital divide. The federal government alone has committed to making a substantial \$5 to \$6 billion of public funding available to deploy broadband services in underserved communities,⁶ with a target of 100% connectivity of 50 Mbps downlink and 10 Mbps uplink by 2030. More

⁵ Speedtest Global Index, Ookla, November 2020. <https://www.speedtest.net/global-index>

⁶ *Budget 2019*. <https://www.budget.gc.ca/2019/docs/nrc/infrastructure-infrastructures-internet-en.html>
Canada's Connectivity Strategy, June 2019. https://www.ic.gc.ca/eic/site/139.nsf/eng/h_00002.html

recently, the federal government launched the \$1.75 billion Universal Broadband Fund (UBF) which will promote the deployment of broadband services in unserved and underserved communities through public/private funding partnerships.⁷ Various other provincial and local broadband funding programs are aimed at the same objective and will be beneficial to the expansion of broadband networks to communities that are not economic to serve.

14. Rogers, along with the rest of the telecommunications industry, has responded to the call. We have been actively applying to many of these programs including SWIFT, EORN, ICON and the CRTC Broadband Fund. We are also in the midst of preparing our application to the UBF. Rogers has committed teams and resources to work with all levels of Government to expand broadband service as quickly as possible to the remaining unserved and underserved regions of Canada. Only the continued cooperation and coordination between all levels of government and industry will resolve this longstanding obstacle to rural economic development.

Importance of Access to Infrastructure and Rights of Way

15. While public programs are necessary to bridge the urban rural divide, there are other measures that government can take to facilitate rural deployment. For underserved areas that are distant from existing network infrastructure, the cost of building the necessary fibre transport to reach these communities is enormous, if not prohibitive. In many areas, the only practical method for running fibre is aerial deployment using existing poles. Fees to attach to telephone and electrical utility poles can be unreasonably high and may account for as much as half the total cost of deploying fibre in rural and remote areas. Combined with unreasonable recurring pole attachment fees and delays in approvals, this provides a significant barrier to expanding service. It is therefore essential that access to crucial infrastructure be made available to broadband providers. Whether owned by municipalities, hydro utilities or incumbent telephone companies, carriers seeking to expand their networks must have access to poles and ducts at affordable rates and in reasonable timeframes. Meeting the targets set by the Government to close the digital divide, in both cost and time, will simply not be possible without such measures.

Importance of Investment in Network Infrastructure

16. Along with expanding networks, Canada must also continue to upgrade in order to remain internationally competitive and ensure Canadians have access to the best quality services. The current high quality and resilience of Canada's networks is the direct result of government and regulatory policies that, for many years, have deliberately encouraged investment in network infrastructure in all regions. The

⁷ Universal Broadband Fund, November 2020. https://www.ic.gc.ca/eic/site/139.nsf/eng/h_00006.html

outstanding performance, capacity, and reach of Canada's broadband networks have not developed by accident.

17. The COVID-19 pandemic underscores the vital importance of ongoing investment in network infrastructure and the continued need for policies to support these investments as Canada rebuilds and recovers. Sustained investment in next generation technologies and the competitive advantage they bring is essential to help Canada rebuild its economy and maintain its position on the world stage. Any regulatory risk, such as the introduction of mandated wholesale access to mobile wireless networks, will undermine incentives to invest and jeopardize Canada's recovery.
18. Moreover, Canada has now entered the 5G era and massive generational investments are required to successfully deploy this advanced new technology. 5G will drive innovation and efficiency, transform industries across all sectors, enable exciting new consumer applications, and enhance Canada's productivity and international competitiveness.
19. 5G networks however will also be extremely expensive to deploy across the country. Accenture has estimated that Canada's service providers will need to invest approximately \$26 billion from 2020 to 2026 to deploy their 5G networks.⁸ This is incremental investment beyond what is needed to sustain and upgrade existing networks and to push broadband networks deeper into unserved communities. Canada's wireless carriers will also be making significant investments in additional spectrum for these 5G networks in the upcoming spectrum auctions. These investments will drive incredible economic growth. Canada's 5G networks are expected to create "a total of 154K temporary, direct, indirect, and induced jobs ... between 2020 and 2026" while the country's 5G networks are being built, followed by "close to 250K permanent jobs ... added to the Canadian economy."⁹ All of this would be put at risk if Canada's 5G networks are delayed and otherwise reduced due to a weakened investment climate with a loss of available investment funds.
20. Undermining the deployment of next generation networks will be particularly felt in rural Canada. While Canada's facilities-based carriers have renewed their effort to expand their networks, the economic challenges of deploying in rural areas remain. The introduction of mandated wholesale access, will make bridging the digital divide between rural and urban areas more difficult. It will reduce incentives to invest, and it will undermine the ability of facilities-based carriers to expand into rural areas by reducing the amount of available capital. For these reasons, mandated wholesale access would be counter-productive to the efforts of all levels of government to bridge

⁸ Accenture, *Fuel for Innovation - Canada's Path in the Race to 5G*, June 2018. Available: https://www.5gcc.ca/wp-content/uploads/2018/06/CWTA-Accenture-Whitepaper-5G-Economic-Impact_Updates_WEB_06-19-2018.pdf

⁹ Accenture, *Fuel for Innovation - Canada's Path in the Race to 5G*, June 2018. Available: https://www.5gcc.ca/wp-content/uploads/2018/06/CWTA-Accenture-Whitepaper-5G-Economic-Impact_Updates_WEB_06-19-2018.pdf

the digital divide. Government and regulatory policies should continue to focus on investment in the expansion of networks.

Affordability of Telecommunications Services in Canada

21. Along with access to the latest generation of broadband technology no matter where a person lives, affordability remains a key Canadian priority. The Canadian telecommunications market though has never been more competitive. Canadian networks are world leaders delivering among the highest speeds and reliability while covering a vast and challenging geography. Pricing is fully in-line with our international peers and continues to decline while broadband usage is growing.

Telecommunications Services Pricing Continues to Fall

22. Telecommunications prices in Canada continue to fall. Over the last 5 years (end of 2019), the retail price per gigabyte of data across all of Rogers' wireless brands dropped by 50%. Since then, prices have fallen even further following the launch by Rogers of unlimited data plans and other offers. Statistics Canada has reported that the cellular service index declined 12.25% between October 2019 and October 2020.¹⁰

23. This drop in prices was confirmed in the CRTC's latest Communications Monitoring Report, where it found that the average combined price for communications fell by 6.5% between 2018 and 2019.¹¹ Fixed broadband 50/10 service prices fell 12.2% and wireless broadband 5 GB service prices dropped 4.1% over the same period. Averaged across all of the wireless service baskets tracked by the CRTC, wireless prices fell 13.8% from 2018 levels and the 1 GB data-only plan dropped 28.5%.¹² In fact, Canada's three largest wireless service providers saw average revenue per 1 GB of data fall by nearly 20% between 2018 and 2019 while the compound annual growth rate for the same metric was negative 22.8% between 2015 to 2019.¹³

24. These trends have also been recognized in a pricing report prepared for Innovation, Science, and Economic Development Canada (ISED) publicly released in March 2020. It shows that all Canadian mobile wireless service baskets have decreased (or remain unchanged) in 2019 compared to 2018.¹⁴ Significantly, the report notes that the introduction of unlimited data plans caused a major shift in the market, resulting in a price decrease of 30.6% across Canada in the single line 10 GB basket. Promotional battles in the market have resulted in data price reductions of 50% with offers of \$75

¹⁰ *Consumer Price Index*, Statistics Canada, October 2020.

<https://www150.statcan.gc.ca/n1/daily-quotidien/201118/dq201118a-eng.htm?indid=3665-1&indgeo=0>

¹¹ *Communications Monitoring Report*, December 2020, Table 5.1

¹² *Ibid.*, p.143.

¹³ *Ibid.*, Supplementary Table 3.

¹⁴ Wall Communications Inc., *Price Comparisons of Wireline, Wireless and Internet Services in Canada and with Foreign Jurisdictions - 2019 Edition*, November 2019.

for 20 GB plans. In fact, there has been a continuous downward trend in wireless pricing since the inaugural report was published in 2008.

25. This intense competition led to tremendous savings over this past Black Friday/Cyber Monday sales period. Canadian consumers enjoyed even more opportunities to lower their cost of wireless services with the array of aggressive discounts and deals. 4 GB plans were offered for as low as \$35 and 10 GB plans were offered for \$50, both dramatic decreases from a year earlier.

Low-Cost Wireless Price Plans

26. Apart from these general trends in pricing and fierce promotional activity, Rogers has also made it a top priority to offer a variety of new lower cost wireless price plans across the Rogers, Fido and chatr brands. Plans start from as little as \$15 per month. This includes economical talk & text plans, talk, text, and data plans, and lower-cost data-only plans. These plans are available in both postpaid and prepaid versions. Many of Rogers' low-cost plans include unlimited calling or texting capability, or both. For example, Rogers' chatr brand offers prepaid talk, text, and data plans with monthly data allowances up to 8.5 GB and no data overages starting at \$15 per month.
27. For heavy data users, Rogers introduced new unlimited wireless data plans in June 2019. The innovative plans are much cheaper than previous plans, eliminating overage costs and providing peace of mind to consumers. Rogers' Infinite plans instantly lowered the retail price of its 10 GB talk, text, and data plan by 25% in addition to providing unlimited data. Consumers can also acquire an advanced smartphone for no additional cost if signing up for a contract, or they can buy a smartphone outright at a low cost if signing up for a no-term plan. All of these price plan and smartphone offers have enhanced affordability of wireless services, enabling more Canadians to get connected.

Low-Cost Broadband Price Plans

28. Rogers has also worked to provide low cost broadband service to low income Canadians. In 2015, Rogers launched its Connected For Success program providing a wireline Internet plan with 25 Mbps service for \$10 per month to eligible low income households. The program currently supports about 25,000 households. Rogers also participates in the federal government of Canada's Connecting Families program which targets affordable wireline Internet services to low income Canadians who receive the maximum Child Care Benefit. The eligibility criteria used by these programs ensure that affordable Internet access services are targeted to those who truly need assistance.

Conclusion

29. Canadians in all regions have access to world leading, high quality telecommunications services that are the result of policies aimed at encouraging facilities-based competition and ongoing private sector investments. The industry now stands on the cusp of the 5G era, which will require monumental investments in advanced new technology. The regulatory framework must continue to provide the right incentives.
30. Canada has never been more motivated to close the urban rural digital divide. However, the economics of deploying services to many rural and remote communities are very challenging and public broadband funding programs are essential in closing the funding gap. Providing service providers with reasonable access to existing infrastructure and rights of ways however is essential, speeding-up rural broadband deployments and reducing costs.
31. While Canadian carriers continue to expand their networks and deploy the latest generation of technology, the price of wireline and wireless services continues to fall each year. Consumers are getting more data for their money while enjoying access to the world's latest and greatest technology.
32. Connectivity has never mattered more. Rogers is committed to continuing its efforts to make telecommunications services more accessible by connecting more communities to better technology at more affordable prices.
33. Rogers appreciates the opportunity to share its views with the Committee.

Regards,



Howard Slawner
Vice President - Regulatory Telecom
350 Bloor Street East, 6th Floor
Toronto, ON M4W 0A1
howard.slawner@rci.rogers.com

*****END OF DOCUMENT*****