

**SUBMISSION OF SHAW COMMUNICATIONS INC.  
TO THE HOUSE OF COMMONS STANDING COMMITTEE ON INDUSTRY, SCIENCE AND  
TECHNOLOGY**

**STUDY ON THE PROPOSED ACQUISITION OF SHAW BY ROGERS**

*Introduction – Canada must keep its eye on the future*

1. Shaw and Rogers were founded by entrepreneurs inspired to delight and exceed the expectations of their customers. At Shaw, we remain guided by the words of our late founder, JR Shaw, to “be bold and courageous, and thrive on change.” The well-being of the customers that our company has cherished over the last fifty years, and their futures, are at the heart of this deal. That is why we have chosen to join forces with Rogers.
2. The proposed combination of Shaw and Rogers will benefit Canadians and strengthen Canada, for the next fifty years and beyond. The global communications industry is at a transformative point of inflection that creates opportunities for all aspects of our economy and society. For Canadian consumers and businesses, we see enormous potential for more affordable, seamless connectivity that is constantly improving, at a moment where Canada urgently needs to bolster its position for a new era of global competitiveness. With strong connectivity, we can bring meaningful technological innovation to life for Canadians, driving our country’s ongoing prosperity. At the same time, we need to ensure that *all* Canadians, including Indigenous, rural and remote communities, have an equal chance to participate in the digital society of the future.
3. Given the foundational technological change ahead of us, the policies that may have worked in the past will not assure success for the future. Canada should be proud of our collective achievements to date, where the quality and resilience of our networks lead the world, while prices are steadily declining.<sup>1</sup> However, we cannot take affordable network connectivity for granted. Going forward, our policy framework needs to sharpen its focus on support for the massive next-generation network infrastructure builds that our country needs to bridge the digital divide and create a platform for economic growth.
4. Together, Shaw and Rogers will be able to join their respective wireline and wireless assets to create more resilient and innovative networks, much more rapidly, and with much more expansive coverage than each could have done on their own. Consumers and businesses will see higher speeds and reliability, lower latency, and a more affordable, seamless experience, while the full potential of 5G emerges over the coming years, driving growth and jobs.

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<sup>1</sup> See: CRTC, Communications Monitoring Report (2020) [CRTC CMR 2020], which found that nationally, average internet prices across speed bands have gone down since 2016 (CMR, pg.148). See also CRTC CMR 2020 at:

- Table 5.1 *Average reported monthly price, price differential and growth, by service (region: Canada)*, which demonstrates that between 2016-2019, prices for internet plans meeting the CRTC’s universal service objective (50/10 Mbps) decreased by 5.6%, online: <https://crtc.gc.ca/eng/publications/reports/policyMonitoring/2020/cmr5.htm#t5.1>.
- Table 5.2 *Mobile baskets included in the 2019 Annual Communications Pricing Survey*, which demonstrates that between 2016-2019, prices for all wireless service tiers decreased, online: <https://crtc.gc.ca/eng/publications/reports/policyMonitoring/2020/cmr5.htm#t5.2>

5. During this Committee’s study, certain parties asked you to look at this transaction through an unduly myopic lens that is coloured by debates of the past and distorts the facts of the deal. We respectfully ask Committee members to assess these rigid, misleading arguments with skepticism. As parliamentarians, the Committee understands that we cannot look backwards for solutions to guide us going forward. The future of all Canadians, and the prosperity of our country, depend on a modern approach, rooted in support for building the world-leading, secure connectivity that will foster a path to success.
6. The facts of the deal, and the future reality it will deliver, are as follows. With Shaw and Rogers bringing their overwhelmingly *complementary* assets from *different geographies* together, we can expand and accelerate the investments needed to compete more effectively so that consumers across a broader footprint can benefit from more affordable and higher quality services over the longer term. Canadians, including those in more remote areas, will also be able to access the next-generation networks they need to seize economic opportunities – including more and better jobs – much more rapidly. In short, the coming together of Shaw and Rogers will translate into extraordinary consumer benefits and greater prosperity for Canada in the increasingly competitive global digital economy.
7. As the Committee is aware, the proposed transaction is subject to various regulatory review processes under applicable legislation and policies that will take place over the next several months. Shaw will work closely and constructively with Rogers and the regulators throughout these processes. During the review period, we also look forward to demonstrating to Canadians the benefits of this deal and everything it offers them for their futures.

### ***Canada’s Future Depends on World Leading Connectivity***

8. The proposed combination of Shaw and Rogers comes amid a global pandemic during which connectivity has provided a lifeline to our economic, social, cultural, and physical well-being. Over the course of a few days last spring, the nerve-centres of Canadian businesses and institutions, ranging from large to small, shifted from office buildings to kitchen tables and living rooms. Despite the magnitude of that migration and lack of advance warning, Canada’s broadband networks performed impressively well at that intensely challenging moment, and through the various lockdown waves over the past year. This was only possible because of the billions of dollars invested each year by Canada’s telecom sector, which contributed more than \$74 billion in GDP and supported more than 630,000 jobs across Canada in 2019 alone.<sup>2</sup>
9. We should be proud of how our networks performed during the pandemic, but we should be equally alarmed by the fact that many Canadians did not experience this connectivity triumph. Regrettably, approximately 600,000 Canadians live in areas without broadband connectivity. The rural/urban digital divide is the most urgent of our telecommunications policy challenges and one of the primary drivers for the proposed coming together of Shaw and Rogers.

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<sup>2</sup> Accenture Strategy, “Investing in Canada’s Digital Infrastructure: The Economic Impact of Wireless/Wireline Broadband and the Post-COVID Recovery” (2020), online: [EN Investing in Canadas Digital Infrastructure.pdf \(cwta.ca\)](#), at pg. 13.

10. While it is imperative that we address the digital divide, it is also critical that we turn our minds to the unparalleled demands that our networks will face in the coming years. The connectivity infrastructure that sustained us through COVID-19 is no match for what Canada needs as our economy and society experience a full digital transformation – a transformation that COVID-19 has accelerated. In the new digital world, Canada’s network infrastructure will require capacity and coverage on a scale that is many multiples of what we have today. The financial resources needed to build the networks of tomorrow cannot be overestimated.
11. As this Committee knows well, the transition to 5G is underway across the globe and will continue over the next several years. 5G represents much more than simply a new version of 4G. For many Canadians, 5G may be a mysterious future state that is difficult to understand or appreciate. So why should Canadians care about 5G or other next-generation investments? The *mystery* of 5G is the *opportunity*. Innovation comes from the undiscovered solution or novel approach, and there are so many potential developments and outcomes from 5G that we do not know and cannot articulate today. Their shape and relevance to Canadians will be designed by the human imagination and ingenuity of creators.
12. For Shaw, we want those creators to be Canadian, and for many of those innovations to take place on Canadian soil. Neither Shaw, nor any member of this Committee, nor any Canadian, should be satisfied with watching from the sidelines as other countries lead the way in 5G innovations. Canadian policymakers have the responsibility to lay the groundwork for Canada’s success in the deployment of 5G. With that groundwork in place, Canadian network builders, including the combined Shaw/Rogers, will invest in the networks we need for that world. Without those networks, Canada’s innovative potential in a digital world will be stifled.
13. Despite the unknowns, there are many things we already know that confirm 5G’s transformative potential. It will enhance Canadians’ quality of life, contributing nearly \$40 billion in annual GDP by 2026, and adding nearly 250,000 permanent jobs to the Canadian economy.<sup>3</sup> These high-quality jobs will be critically important throughout Canada as we begin our post-pandemic economic recovery, especially in Shaw’s home province of Alberta, which has been hard hit by the dual impact of the pandemic and the resource sector downturn. As just one example, the combined Shaw/Rogers company will have the resources to transform Calgary into a 5G technology hub that will kick-start a robust, diversified recovery, with an influx of new skilled jobs in engineering and technology.
14. In terms of applications, we know that municipalities all over the world see the potential of 5G to resolve many of their most significant challenges. The “Smart Cities” umbrella covers a broad range of initiatives that allow towns, cities, and communities of all sizes to significantly reduce costs and environmental impacts, while enhancing the effectiveness of their operations for the benefit of citizens.<sup>4</sup> Cars can move better through streets with sensor

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<sup>3</sup> Accenture Strategy/CWTA, “Fuel For Innovation: Canada’s Path in the Race to 5G” (2018), online: [https://www.5gcc.ca/wp-content/uploads/2018/06/CWTA-Accenture-Whitepaper-5G-Economic-Impact\\_Updates\\_WEB\\_06-19-2018.pdf](https://www.5gcc.ca/wp-content/uploads/2018/06/CWTA-Accenture-Whitepaper-5G-Economic-Impact_Updates_WEB_06-19-2018.pdf), at pg. 2.

<sup>4</sup> Accenture Strategy, “Smart Cities: How 5G Can Help Municipalities Become Vibrant Smart Cities” (2017), online: <https://www.accenture.com/acnmedia/PDF-43/Accenture-5G-Municipalities-Become-Smart-Cities.pdf#zoom=50> [Accenture Smart Cities], at pgs. 6-10.

technology, which will reduce carbon emissions, travel time, and accidents.<sup>5</sup> Outdoor lighting can be triggered by need, which will reduce cost, light-pollution and carbon emissions.<sup>6</sup> The structural integrity of highways and bridges can be monitored more efficiently, which will reduce costs, support targeted repair, and enhance safety.<sup>7</sup> “Smart” communities will also depend on the proliferation of “smart buildings” whose maintenance, lighting, heating, ventilation, and air conditioning will be guided by the sensor connections made possible by 5G.<sup>8</sup> In the world of food production, 5G sensors will play a critical role in improving precision and efficiency,<sup>9</sup> while the world of healthcare can look forward to remote surgeries, among other transformative innovations for patients and care.<sup>10</sup> As shown in several of the examples above, 5G also offers the potential to provide real solutions to the most pressing social policy issue of our time: climate change.<sup>11</sup>

15. Canadians want and deserve to be global leaders in the new “smart” world, but they need the networks that can support that leadership. Each of the smart car, smart power-grid, smart building, smart farm – or any other smart thing – is only “smart” because of the power of connection. Networks provide the essential links between the sensors, objects, information systems, data analyses and, of course, people. These links empower limitless interactions and the corresponding creations that emerge from them. Without network connections, the world of “*smart*” will not exist.
16. That is why the race to 5G is a contest in bringing wireless and wireline technologies together to achieve a scale in all types of connections, requiring many times the amount of radio equipment, spectrum, and wireline transport that have been used in conventional networks. Moreover, 5G will not arrive with the flick of a switch. The proliferation of 5G-enabled applications, many of which will be powered by Artificial Intelligence and the Internet of Things, depends on a level of ultra-low latency, seamless coverage, speed, and capacity that will take time, technological evolution, and billions of dollars in investments. If our two companies come together, we’ll have the resources to make these investments, which is why the combination of Shaw and Rogers will be a net contributor of investment and jobs in Western Canada.
17. There are no “short cuts” in the race to 5G. As explained by Ericsson, 5G will bring new security challenges for connectivity networks, “with broader attack surfaces, more devices and increased traffic loads. We must have networks that are trustworthy, resilient, and secure

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<sup>5</sup> Accenture Strategy/CWTA, “Accelerating 5G in Canada: Benefits for Cities and Rural Communities” (2019), online: <https://www.cwta.ca/wp-content/uploads/2019/11/Accelerating-5G-in-Canada-V11-Web.pdf> [Accenture Accelerating 5G], pg. 7

<sup>6</sup> Accenture Smart Cities, pg. 7.

<sup>7</sup> Raconteur, “Why 5G smart roads are the future of transport.” (2019), online: <https://www.raconteur.net/technology/5g/5g-smart-roads/>.

<sup>8</sup> Accenture Accelerating 5G, pg. 10.

<sup>9</sup> Farm Credit Canada, “Why 5G connectivity matters to agriculture”, online: <https://www.fcc-fac.ca/en/knowledge/5g-connectivity-matters-to-agriculture.html>.

<sup>10</sup> PWC, “How can 5G connect a post-COVID healthcare ecosystem?”, online: <https://www.pwc.com/gx/en/industries/tmt/5g/5g-in-healthcare.html>.

<sup>11</sup> See: Accenture Strategy/CWTA, “Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change”, online: [https://www.cwta.ca/wp-content/uploads/2020/10/5G\\_Role\\_In\\_Fight\\_Against\\_Climate\\_Change.pdf](https://www.cwta.ca/wp-content/uploads/2020/10/5G_Role_In_Fight_Against_Climate_Change.pdf). As described in this report (pg. 4), “5G will be key in enabling reductions in carbon emissions across Canadian industries, while reducing the carbon footprint of the wireless industry itself.”

by design – all on day one.”<sup>12</sup> As 5G will be the foundation for virtually all critical sectors, it is easy to see the increasing importance of network security and data privacy. The policy and regulatory environment must support the investment needed for the robust and reliable network infrastructure that is immune to security threats – and such investments will be monumental.

18. Together, Rogers and Shaw will have the scale to deploy high-quality, high-capacity, and secure 5G and other next-generation networks at a pace that will put Canada in a position of international leadership.

### ***The Urgent Need to Bridge the Digital Divide***

19. Just as the pandemic has highlighted the essentiality of robust and reliable broadband, it has also exposed the unacceptable rural-urban digital divide. A disproportionate number of rural, remote, and Indigenous communities are currently cut-off from the educational, economic, health and social benefits of connectivity, denying their full participation in the economy and society, and further marginalizing certain communities. Bridging the rural-urban digital divide is the most urgent, nationally important telecommunications policy problem facing our country.
20. Without connectivity, underserved communities are cut-off from the information and resources they need to get by. However, “getting by” is not the standard we should apply. We want all Canadians to *thrive* in the digital era. Strong connectivity enables that. Remote surgery for someone living in a fly-in community will only be possible with seamless connectivity. Entrepreneurs who want to develop and run new businesses from a rural community can do so with high-quality connectivity, bringing fresh streams of ideas to our innovation economy. Indigenous peoples can leverage the power of broadband to create new economic opportunities within their communities, while enriching their cultural heritage and sharing it with the rest of Canada.
21. Given the possibilities associated with connectivity, Shaw strongly supports the Government’s highly ambitious target of connecting 98% of Canadian households by 2026.<sup>13</sup> However, as of 2019, only 87.4% of households had access to broadband that meets the CRTC’s universal service objective (50Mbps download, 10Mbps upload),<sup>14</sup> with only 45.6% of rural households and 34.8% of First Nations reserves, versus 98.6% of households in urban areas.<sup>15</sup>
22. If Canada is going to effectively address the challenge of connecting underserved communities, we cannot underestimate the size of the problem. Canada is an enormous country, with a small population and low population density. Canada’s network builders need

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<sup>12</sup> Ericsson, “5G network security is national security” (23 Apr 2020), online: <https://www.ericsson.com/en/blog/2020/4/5g-network-security-is-national-security>.

<sup>13</sup> Government of Canada, *Fall Economic Statement 2020: Supporting Canadians and Fighting COVID-19*, online: <https://www.budget.gc.ca/fes-eea/2020/report-rapport/toc-tdm-en.html>, pg. 81.

<sup>14</sup> CRTC CMR 2020, at Table 4.1 *Key telecommunications availability indicators (% of population for mobile services and % of households for Internet services)*, online: <https://crtc.gc.ca/eng/publications/reports/policyMonitoring/2020/cmr4.htm#a2.1>.

<sup>15</sup> CRTC CMR 2020, at *Availability of broadband in various communities*, online: <https://crtc.gc.ca/eng/publications/reports/policyMonitoring/2020/cmr4.htm#a2.3>.

to invest in much more expansive networks than our global peers, but with a much smaller addressable market. That is why it is so important for Shaw and Rogers to come together. Combining our assets, and our addressable markets, will take advantage of strong network economies of scale and avoid inefficient duplicative investment, freeing up resources for economically challenging expansion to underserved parts of the country.

23. With the specific commitments made by Rogers, and the inherent efficiencies derived from combining Shaw with Rogers, the proposed transaction will help bring an equality of opportunity to currently underserved Indigenous, remote, and rural communities. By connecting the people and businesses of these communities to the rest of the world, we will give those communities the power of expression, the prosperity of economic growth and – critically – the flexibility to stay close to home and not move to the city.

### ***Investment and Competition Depend on Scale and Regulatory Certainty***

24. Shaw is, and always has been, a network builder. The decision to combine with Rogers reflects our fundamental commitment to facilities-based investment and competition, and the associated benefits to Canadians. We know the Committee is aware of the many billions of dollars that Shaw has spent building wireline and wireless networks over five decades. The Shaw family and the entire Shaw Communications organization take great pride in what we have been able to achieve for all the communities and Canadians we serve.
25. As we look ahead to the next chapter of telecommunications investment in Canada, it is clear to Shaw that delivering quality, choice, and affordability to Canadians in the next-generation landscape requires the scale and scope of a converged network that can only be achieved by joining forces with Rogers. The geographic expanse of our wireless radio access network is just one example. Despite five years of intense investment of over \$7 billion, representing roughly a third of Shaw’s market capitalization, our coverage is relatively small.<sup>16</sup> We want to do so much more, but Shaw is a small company in comparison with leading telecommunications companies in North America.<sup>17</sup> With our small addressable market and already high penetration rates, we have come to see the inherent scale limitations in what Shaw can do alone for Canada’s future connectivity.
26. On top of these challenges, over the past two years, Shaw’s expansion and next-generation investment plans have been chilled due to unexpected tremors in the regulatory framework.

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<sup>16</sup> See network maps prepared and filed by Shaw/Rogers with this Committee.

<sup>17</sup> As of August 31, 2020, Shaw served 7.1M subscribers and generated \$5.4B (CAD) in total operating revenues in F20. By way of comparison:

- AT&T serves 249.8M subscribers and generated \$171.8B (USD) in operating revenues in 2020
- Verizon Communications Inc. serves 142M subscribers and generated \$128.3B (USD) in operating revenues in 2020
- Comcast Corporation serves 33.1M subscribers and generated \$128.3B (USD) in operating revenues in 2020
- América Móvil serves 287.5M subscribers and generated approximately \$63.6B (CAD) in operating revenues in 2020

See: Shaw 2020 Annual Report (year ended 31 Aug 2020), online: <https://www.shaw.ca/corporate/investor-relations/financial-reports>; AT&T (year ended 31 Dec 2020), online: [https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/quarterly-earnings/2020/q4-2020/4Q20\\_Financial\\_Statements.pdf](https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/quarterly-earnings/2020/q4-2020/4Q20_Financial_Statements.pdf); Comcast 2020 Annual Report (year ended December 31, 2020), online: <https://www.cmcsa.com/financials/annual-reports>; Verizon Communications Inc. – Q4 2020 Results (year ended December 31, 2020), online: <https://www.verizon.com/about/investors/quarterly-reports/4q-2020-earnings-conference-call-webcast>; América Móvil – Q4 2020 Quarterly Report (year ended 31 Dec 2020), online: <https://www.americamovil.com/investors/reports-and-filings/quarterly-results/default.aspx>

As we recently told this Committee,<sup>18</sup> Shaw’s confidence in making investment and strategic decisions has been shaken by significant uncertainty in the regulatory framework’s support for facilities-based investment and competition.

27. In February 2019, the Commission announced its “preliminary view” that it would be appropriate to mandate a mobile virtual network operator (MVNO) regime. This sent a very unfortunate and shocking signal that the CRTC is willing to provide resellers of wireless services with privileged, regulated access to incumbent networks.<sup>19</sup> Later that same year, in August 2019, the CRTC unexpectedly imposed drastically lower rates that network builders like Shaw can charge resellers for third-party internet access (TPIA).<sup>20</sup> These unsustainable rates are significantly below-cost and fail to provide any reasonable return on investment.
28. The TPIA rate decision caused many providers, including Shaw, to pause and reformulate investment plans, distracting and delaying the industry from making the massive investments that Canadians need. Similarly, the CRTC’s preliminary view in support of MVNO forced Shaw to revise our 600 MHz spectrum auction strategy on the eve of that auction, and to pull back on our plans to expand our wireless network to new markets.
29. As of April 13, 2021, the uncertainty in our regulatory ecosystem persists. This is a concern for all Canadian network builders and should be a concern for members of this Committee. The threat of regulated MVNO still looms, even as the application deadline for the 3500 MHz spectrum auction has passed. At the same time, the TPIA rates remain under review by the CRTC, with ongoing uncertainty as to whether the CRTC will set just and reasonable rates that properly compensate network builders for their costs and incent further investment. In a country which needs more investment and more connectivity in underserved communities, not less, these uncertainties are troubling.
30. For Shaw, it has been entirely unclear over the past two years whether the regulatory framework remains focused on “ensuring that Canadians have access to a world-class communication system that promotes innovation and enriches their lives.”<sup>21</sup> This needs to change. The uncertainty needs to be definitively resolved in favour of facilities-based investment and competition so that we can collectively deliver to Canadians on this mandate and achieve the critical benefits of the digital society described above.
31. For Canada’s network builders to meet the needs of Canadians, we need to make multi-billion dollar next-generation investments *and* bridge the digital divide. For that to happen, network builders need clarity and confirmation that the regulatory regime supports our efforts and recognizes their value to Canadians, while acknowledging the risks involved in the investments we undertake. If Canada’s regulatory regime is designed to provide artificial

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<sup>18</sup> See: Shaw Submissions to INDU Committee as part of the study on the Accessibility and Affordability of Telecommunications Services (18 Dec 2020), at paras. 20-27; and Shaw Submissions to INDU Committee as part of the study regarding the Canadian Response to the COVID-19 Pandemic (2 Jul 2020), paras. 16-27.

<sup>19</sup> Telecom Notice of Consultation CRTC 2019-57 – *Review of mobile wireless services* (28 Feb 2020).

<sup>20</sup> Telecom Order CRTC 2019-288 – *Follow-up to Telecom Orders 2016-396 and 2016-448 – Final Rates for Aggregated Wholesale High-speed Access Services* (15 Aug 2019) [TO 2019-288]. For a background and summary regarding the wholesale wireline regime and impact of TO 2019-288, see: Shaw Submissions to INDU Committee re Response to COVID-19 (2 Jul 2020), at paras. 19-23

<sup>21</sup> CRTC, “Our Mandate, Mission and What We Do,” online: <https://crtc.gc.ca/eng/acrtc/acrtc.htm>.

support – and remove all risks – for resellers, this will permanently damage Canada’s network strengths and economic competitiveness for decades to come.

32. Shaw sincerely wants Canada to realize the full potential of the digital transformation. The pervasive state of regulatory uncertainty, and the undue emphasis on artificial regulatory support for resale, are inconsistent with what our country needs: to build advanced and secure next-generation networks across the country. Regulators and policymakers around the world have identified 5G and rural broadband as critical priorities, and have supported and accelerated deployment through predictable, streamlined regulatory rules and requirements that incentivize and support private sector investment. Canada must do the same.

***The Transaction Results in Intensified, Expanded Competition, including in Rural Areas***

33. Shaw has always been a fierce advocate for policies that encourage sustainable, facilities-based competition. Nothing has changed. Our decision to combine with Rogers reflects our strong belief that network investment and facilities-based competition are the foundation of Canada’s telecommunications system. As Canada’s digital transformation accelerates, Canadian policymakers must reaffirm their commitment to the public interest in building a world-class, competitive connectivity ecosystem, which includes supporting Shaw’s combination with Rogers.
34. As shown in the maps that Rogers and Shaw have tabled before this Committee in a filed undertaking, the vast bulk of Shaw’s and Rogers’ assets and businesses do not overlap or compete with one another. Bringing those assets together enables a nationwide converged network of complementary fibre, cable, satellite, wireless, and Wi-Fi assets that will be capable of bringing more choice and more value to a greater number of Canadian consumers and businesses, positioning Canada for the most sustainably competitive environment possible in the 5G ecosystem and beyond.
35. Canadian consumers and businesses don’t – and shouldn’t need to – care about the details of different assets and technologies – such as fixed, mobile, Wi-Fi, 5G, LTE, etc. What Canadian consumers and businesses do and should care about is the quality and affordability of the connection. Figuring out how to do that with the correct asset mix is the job of network builders. For Shaw and Rogers, delivering that affordable, quality connection in the future depends on this transaction.
36. 5G requires, and is driving, a convergence of connectivity where different modes of access – particularly wireless and wireline – must work together to provide the coverage and capacity that Canadians need. The web of connections needed to support 5G applications depend on innumerable wireless radio antennae deployed over many sites – what the industry calls network densification. It also demands extensive network capacity, which is fuelled through spectrum holdings. In this regard, Bell and Telus each enjoy a significant competitive advantage stemming from their combined spectrum holdings, which renders Shaw and Rogers much less effective on our own. For example, in the city of Edmonton, Bell and Telus hold 42% of the commercial mobile spectrum through their sharing arrangement, as compared to 26% held by Rogers and 15% by Shaw. The transaction will give Shaw and Rogers a fighting chance against the other national competitors.



37. The importance of wireline and its convergence with wireless for 5G applications cannot be overstated. For 5G radio antennae to connect to the world, they need to link back to robust wireline backhaul. That infrastructure, like all network infrastructure, cannot be taken for granted. For companies like Shaw and Rogers, we must make significant generational investments in our fibre-based cable networks so that we can continue to compete effectively and provide world-leading connectivity services that are seamless and affordable, while also supporting the wireline backbone on which 5G will depend.
38. If Rogers and Shaw were to compete on their own effectively in this future, converged world, they would need to duplicate the investments of the other in the asset class they lack. Otherwise, they risk becoming a stand-alone niche player that cannot innovate or contend in the connectivity ecosystem that Canada needs. However, this type of duplicative investment by Rogers and Shaw won't enhance facilities-based competition or otherwise offer incremental benefits to consumers. Instead, it will drain resources away from the investments in 5G and rural broadband that a combined Rogers/Shaw could make to compete more intensely with more affordable and more innovative services.
39. In addition to intensifying competition, the proposed transaction will expand competition. The combined company can take the resources freed up from the strong economies of scale realized by avoiding unnecessary, duplicative investments, and redeploy those resources to expanding its network footprint to areas where neither company currently competes, whether that be in rural Saskatchewan or Manitoba, or the many communities in B.C. and Alberta where the former telco monopoly remains the only game in town. The combined Shaw/Rogers company can thereby bring more valuable and affordable options to many of those who live in these Western Canadian communities that currently have little or no choice.
40. Combining the complementary Shaw and Rogers networks and businesses will create a national, converged platform with sufficient scale and resources to make the substantial investments necessary to compete vigorously in the converged, 5G environment. We are already seeing evidence of the investment and dynamic competition spurred by this transaction, with a \$1.3 billion capital-raise by Telus in the weeks following the announcement.<sup>22</sup> That capital will be used to accelerate investments in fibre and 5G. SaskTel has similarly accelerated its 5G and fibre investment,<sup>23</sup> and Bell recently confirmed that the transaction makes Bell's accelerated investment plan "even more competitively important."<sup>24</sup> Bell's accelerated capital plan is the largest in its 141-year history.<sup>25</sup>

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<sup>22</sup> Telus Press Release (via Globe Newswire), "TELUS announces closing of C\$1.3 billion equity offering" (31 Mar 2021), online: <https://www.globenewswire.com/news-release/2021/03/31/2202515/0/en/TELUS-announces-closing-of-C-1-3-billion-equity-offering.html#:~:text=VANCOUVER%2C%20British%20Columbia%2C%20March%2031,announced%20on%20March%2025%2C%202021.>

<sup>23</sup> SaskTel Press Release (5 Apr 2021), "SaskTel investing \$323 million in Saskatchewan in 2021-22", online: [https://www.sasktel.com/about-us/news/2021/sasktel-investing-323-million-in-sk-2021-22.](https://www.sasktel.com/about-us/news/2021/sasktel-investing-323-million-in-sk-2021-22)

<sup>24</sup> Presentation by BCE Inc. (Mirko Bibic) at the Scotiabank 2021 Telecom, Media & Technology Conference (March 30, 2021), online: [https://www.bce.ca/investors/events/show/scotiabank-2021-telecom-media-technology-conference.](https://www.bce.ca/investors/events/show/scotiabank-2021-telecom-media-technology-conference)

<sup>25</sup> Bell Press Release (4 Feb 2021), "Bell to advance fibre, wireless and rural network rollouts with at least \$1 billion in accelerated capital investment over the next 2 years", online: <https://www.bce.ca/news-and-media/releases/show/Bell-to-advance-fibre-wireless-and-rural-network-rollouts-with-at-least-1-billion-in-accelerated-capital-investment-over-the-next-2-years-1?page=1&month=&year=&perpage=25>

41. As this discussion shows, sustainable competition does not depend on a large number of players, especially in a scale business like telecommunications. In the early 2010s, some Canadian cities had six mobile players – Mobilicity, Wind, Public Mobile, Bell, Telus and Rogers. While the number of players has declined since that time, the competitive intensity of the wireless market has increased. What matters much more than the number of players is the extent to which competitors are equipped to advance the many dimensions of competition and consumer welfare – price, value, innovation, adoption, usage and penetration. In the dynamic connectivity market of the converged 5G world, our combined entity will compete intensely and deliver on all these objectives.
42. Joining Shaw’s unique satellite network and distinct wireline assets in the West with Rogers’ distinct wireline assets in Central and Atlantic Canada, and combining them with the unique wireless and Wi-Fi assets of both companies will create a national, converged platform that can compete for a wide variety of consumer and business customers across the country, including in a much broader expanse of Indigenous, rural, and remote communities and in a 5G converged world. The positive economic spin-offs of empowering Canadians and our small, medium, and large businesses with more robust connectivity and more dynamic competition are limitless. In the digital world, our citizens and entrepreneurs need rapid access to competitive, innovative services across broader footprints. All of that is made possible with this transaction.

***Conclusion: Our Commitment to Build Strong, Competitive Networks for Canada***

43. Since our joint announcement of this proposed transaction, Rogers has been very clear in its specific commitments to Indigenous and remote connectivity, telecommunications affordability, jobs in Western Canada, and accelerated 5G investment. These and so many other aspects of the deal demonstrate its immense potential to position Canada for growth: in networks, in strong competition, in digital innovation, in high paying, high quality jobs, and in our country’s prosperity and well-being.
44. Shaw and Rogers know we will create something extraordinary for Canada together. Both companies have been bright lights in the communications industry, for our country, and for Canadians. With this deal, we will be brighter together. By combining complementary assets into a next-generation converged network, our merged company can accelerate investment, empowering Canadians with the transformative opportunities of 5G more powerfully, sooner, and over a broader geography, than we could on our own. This will translate into stronger competition across a more expansive footprint, new jobs, more innovation, and intensified growth throughout all sectors of Canada’s economy.
45. We respectfully ask for this Committee’s support to advance the strength and reach of Canada’s digital infrastructure and put Canada on a path for success in the post-pandemic recovery and digital era.
46. Shaw appreciates the opportunity to assist this Committee in its study of the transaction.