



Source name

East Central Alberta Review

Source type

Press • Newspapers

Periodicity

Weekly

Geographical coverage

Regional

Origin

Coronation, Alberta, Canada

Thursday, July 21, 2022

East Central Alberta Review

• p. a2

• 631 words



EDITORIAL

Protecting consumers Brenda Schimke

Brenda Schimke

For those who believe in the efficiencies of markets and the need to eliminate government overreach, the recent decision by the Competition Bureau to deny Rogers Communications Inc. their takeover bid of Shaw Communications Inc. would certainly be another example of the federal government 'gone rogue'.

Premier Jason Kenney agrees and has announced his government will intervene in the courts to support Rogers' takeover of Shaw.

As does University of Ottawa Professor Jennifer Quaid. Four days after the nationwide, day-long Rogers' outage, the Canadian Press reported her saying, "There is now a bigger opportunity for regulators to take a closer look at cost savings from the proposed deal and whether those savings would come from eliminating redundancy and reducing technical staff."

Yet for the millions of Rogers' customers and all those businesses that lost network services on Friday, July 8, they're more likely thinking the exact opposite.

The Competition Bureau, after a 15-month review, has not seen any proof that the economic benefits that Rogers is promising would be sufficient to outweigh the hit to competition.

The Competition Bureau forecasts the deal would result in higher prices, poorer services and fewer choices for consumers, and in turn increase profits for shareholders including the ultra-rich members of the family ownership groups and non-Canadian investors.

From a customer's point of view, it would seem more logical to build in additional redundancy for corporations that provide essential services, not less.

Although a much shorter outage than on July 8, an upgrade by Rogers eight months prior also caused a system-wide failure for several hours. Many Rogers' customers could rightfully argue that Rogers actually needs more technical staff, not less.

Professor Quaid's comments seem out of touch with the modern world where reliable connectivity is an essential service, not a nice-to-have feature.

The price tag on the July 8 outage has yet to be calculated, but it will be high for businesses. To be sure, Rogers' battery of lawyers will fight hard to deny any culpability.

Rogers, for those who missed last year's family dust up, is controlled by a family trust that owns virtually all the Class A voting shares, and a court decision in 2021 found that one person, Edward Rogers, has absolute control over the family trust board of directors—ergo, the entire public company.

Likewise, the Shaw family trust controls 79 per cent of the company's Class A voting shares.

Public shareholders purchase non-voting Class B shares in these companies and have no ability to hold either family trust accountable. You don't have to use much imagination to believe this is just a cozy deal between two billionaire families.

The Competition Bureau is often the last roadblock to protect consumers. Although the pressure has been great from industry and the Alberta government, the bureau is still holding firm on their

pronouncement that this merger is a bad deal for consumers.

With the highest mobile phone costs in the world when ranked against comparable countries, it's not hard to understand moving from four competitors to three isn't a great idea.

The Competition Bureau's decision to stop the \$26-billion takeover of Shaw isn't enough. Governments must become more involved in legislating mandates, setting regulations and undertaking regular audits on industries that provide essential services, especially those where capital costs are too prohibitive for true competition to exist.

The July 8 outage and the deal between the Shaw and Rogers family trusts should be a wakeup call for all consumers to re-consider the mantra that 'free markets are king' and 'government institutions are a waste of money'.

ECA Review You don't have to "use much imagination to believe this is just a cozy deal between two billionaire families.

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