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Standing Committee on Canadian Heritage

Re: the impact on local news of Rogers Communications Inc.'s takeover of Shaw Communications

Wednesday, February 16, 2022

Opening Remarks (Check against delivery):

Good afternoon. I'm Matt Hatfield, and I'm Campaigns Director at OpenMedia, a grassroots community that works for an open and accessible Internet. I'm joined here today by our lead Internet access campaigner, Erin Knight. I am speaking to you from the unceded territory of the Sto:lo, Tsleil-Waututh, Squamish and Musqueam Nations. My colleague is calling in from Treaty 1 territory, the traditional territory of the Anishinaabeg, Cree, Oji-Cree, Dakota, and Dene Peoples, and the homeland of the Métis Nation.

We're here today to talk about how the Rogers-Shaw deal will impact local news. But I need to emphasise that no government body in Canada is looking squarely at the full implications of this deal, the sixth largest in Canadian history. Not the CRTC looking at broadcast implications, not the Competition Bureau armed with our anaemic Competition Act, and unfortunately not this hearing.

We are NOT economists or lawyers, we're a citizen's group. But we want to highlight what should be obvious to everyone: Rogers' plan to buy Shaw is a disaster for competition, diversity and innovation in our country. It will lead directly to increased consumer prices for telecom services, loss of jobs in news media and in telecom, and a consolidation of power over our media like we've never seen. It will put one man, Edward Rogers, in charge of the Internet and broadcast service of nearly half of English Canadian Internet users. And it will further concentrate and reduce diversity of perspective in a media market already ranked third most concentrated amongst 28 countries in recent study. As a point of comparison, while the top 4 media companies in the US hold 29.8% of market share, in Canada, they hold an astonishing 52.3%.

It's no secret that news, particularly local news, is in trouble. Some people will tell you this is because Internet platforms are 'stealing' news content ; but the reality is that quality news production has never been profitable. News used to be bundled with all of people's needs for classifieds, entertainment, sports and more. Now those non-news functions are fulfilled by dedicated online services, and the budget the market provides for news alone isn't up to task.

That's hurting all news outlets, but it is devastating local news. From 2008-2021, over 450 media outlets closed, the vast majority of them small community papers. Of course, open your



phone and you're bombarded with more 'news' than ever- but we increasingly lack crucial local news that connects us with our neighbours, and holds local government and corporations to account.

Approving the Rogers-Shaw deal means further slashing into local news. We know that will happen directly through cutting Global News funding to give to CityNews. We also share the concern of other stakeholders that Corus will be forced to seek support from the Independent Local News Fund, potentially absorbing 60-80% of very limited funds intended for smaller outlets.

But even if those concerns are addressed, further unannounced news cuts are predictable and inevitable. To afford the purchase, Rogers is taking on immense levels of debt - debt they need to pay off by cutting costs or raising prices. Given that local news is already barely economically viable, that's not going to come in increased news prices; it will come from slashing programming and jobs.

Previous Rogers CEO Joe Natale made a number of promises to expand news content and hire Indigenous reporters as part of the deal. We'd suggest to you that these are sops, an attempt to bamboozle you, not meaningful commitments to local news. They're entirely short-term, legally unenforceable, and likely to be ended as soon as the company can.

And the combined Rogers-Shaw will be a company of unprecedented power in Canadian history. Canada already has an unusually serious problem with vertical integration, in which key telecom companies like Rogers and Bell sell both access to wireless networks, and a great deal of the content Canadians consume on those networks. High levels of vertical integration create strong incentives for clearly anti-competitive behaviours that hurt both smaller media and telecom competitors, and consumers. A combined Rogers Shaw would exert market power on another level, with 47% of English language telecom subscribers and broadband service reach to 80% of Canadian households. The last thing we need in Canada is this further concentration.

And Canadians know it- we do not want this deal. Public polling has consistently found a majority opposed to the deal, particularly in the West where Shaw does business. Last year over 61,000 people signed petitions calling on the federal government to block the Rogers-Shaw deal, and the Competition Bureau set new records for public engagement.

People in Canada are looking to see whether public officials like yourselves are going to represent us and our concerns, or side with Edward Rogers. Inaction on this file is a choice; choosing not to stop this deal is a decision to side with further monopolising of our economy and news over diversity, innovation, and the best interests of Canadians. For these reasons, OpenMedia urges you to take action to block Rogers Communications from buying out Shaw Communications.

Thank you and we look forward to your questions.