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Telecom firms urge CRTC not to order broad network access to resellers

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Canada's large telecom companies are urging the industry regulator not to force them to open up their wireless networks to resellers, arguing that doing so will punish them at a time when they are struggling with the economic fallout of the COVID-19 pandemic.

The Canadian Radio-television and Telecommunications Commission (CRTC) is mulling whether large national carriers should be required to sell access to wireless resellers that don't have their own networks, known as mobile virtual network operators (MVNOs).

Proponents of such a policy believe it would encourage greater competition in the market for cellphone services and reduce prices for consumers, while BCE Inc.'s Bell Canada, Rogers Communications Inc. and Telus Corp. have repeatedly argued it would remove the incentive for them to invest in their networks.

In new submissions to the CRTC, the three national carriers say the potential harm to network investments would be even more significant in light of the global health crisis, which has slashed their roaming revenues and stalled subscriber growth.

"The financial and economic consequences of the COVID-19 pandemic threaten investment in every industry, and telecom is not immune," BCE wrote in its submission. It added that rural broadband expansion and the deployment of fifth-generation wireless technology would be delayed if mandated MVNO access was introduced, because it would reduce the the companies' revenue. "Now is not the time to take these risks."

Proponents of MVNOs argue that unprecedented levels of unemployment make it more important for Canadians to have access to affordable wireless services. Canadians facing financial pressures such as job losses or reduced hours will be looking for ways to control their expenses, the Competitive Network Operators of Canada (CNOC), an industry group for independent internet service providers, wrote in its own submission. Some of CNOC's members, including Distributel, have expressed an interest in launching MVNOs.

"The economic effects of COVID-19 demonstrate that now, more than ever, Canadians need the benefits of greater competition in the markets for all telecommunications services, including mobile wireless services," CNOC said.

Telus Corp. said it estimates that wireless carriers have lost hundreds of millions of dollars in revenue as a result of the pandemic, while spending more than $100-million to beef up their networks to cope with surges in traffic as Canadians shifted to working, learning and entertaining themselves from home.

"Now is not the time to inflict further damage on the industry by imposing mandated MVNO access," Telus wrote in its submission to the CRTC.

Rogers said its total revenue declined by 5 per cent during the first quarter of the year, which included only two weeks of the pandemic lockdown. The company expects that the second quarter will have further declines.

CNOC countered that the first-quarter reports from the parent companies of Canada's large wireless carriers as well as Shaw Communications Inc. indicate that they are doing "just fine" and earning "immense profits."

"In fact, each of the parent companies of these four large [mobile network operators] have indicated to investors that they are well-positioned to ride out the crisis and that the fiscal health of their businesses remains robust," CNOC wrote.

"The commission should not believe any claims by these [companies] that the COVID-19 pandemic has somehow put undue pressure on their financial resources."