

## **Opinion Letter by Pierre Karl Péladeau, President and CEO of Quebecor**

### **The Videotron Effect**

In 2007, under the leadership of the late Jim Prentice, the government of Canada decided on a competitive policy in the wireless industry for the benefit of Canadians. If the Big 3 had not been required to allow access to their networks at that time, Videotron would not have been able to substantially reduce wireless prices within its historical footprint and invest \$3.5 billion to build out its own network, innovate, and offer Quebecers bundled multiservice packages and standalone products, such as the fully digital Fizz brand.

Our impressive track record and Videotron's prospects were recognized by the Competition Tribunal, in its December decision: "Videotron is an experienced market disruptor that has achieved substantial success in Quebec. It has drawn upon that experience to develop very detailed and fully costed plans for its entry into and expansion within the relevant markets in Alberta and British Columbia, as well as in Ontario."

Those who are afraid of our arrival in the market know that we are the player that can break the Big 3 oligopoly. It is thus not surprising to see them objecting to the acquisition of Freedom by Videotron. Doing whatever it takes to block competition is in their DNA. In its bid to do so, Bell has lost a long string of cases before the regulators and the tribunals. Just a few months ago, Telus lost a legal challenge, in which it argued that the government of Canada should not have allowed Videotron to bid on spectrum to compete against them in Western Canada.

Just this past Monday, Globalive made an offer to buy Xplore Mobile's spectrum, which the government had refused to transfer to Telus. It isn't hard to discern the hidden hand of Telus behind the Globalive bid. While Telus is dragging its feet on implementing the MVNO policy adopted by the CRTC in April 2021, they rushed through an agreement with Globalive, one which is not available to real, legitimate competitors. This reeks of undue preference. Bear in mind that Globalive was the owner of Freedom's predecessor Wind, which was sold in 2010 to VimpelCom, a company partly owned and controlled by the oligarch Mikhail Fridman, who was included on Canada's Russia sanctions list.

Worse still, in documents revealed at the Competition Tribunal's hearings in *Canada v. Rogers and Shaw*, Telus' senior management and board of directors agreed on a public and government relations strategy dubbed "Project Fox" that tries to stir up western alienation in order to advance their business interests. This is how far the incumbents are willing to go to make sure Canadians continue paying some of the highest wireless prices in the world. It needs to stop. The incumbents must be sanctioned for their fight against the public interest.

Videotron's offer of close to \$3B to acquire Freedom Mobile was the only one that checked all the boxes – a successful regional player and disruptor, strong balance sheet, solid experience and innovative track record.

We said it when Minister Champagne set out the conditions for the sale of Freedom Mobile and we are stating it again: Videotron is in it for the long haul and is committed to bringing down prices for the benefit of Canadians. That's not wishful thinking. We did it in Quebec, as confirmed

by reports from the CRTC, the Competition Bureau and Innovation, Science and Economic Development Canada, and we will do it in Canada.

In addition, Videotron acquired VMedia last year, which will enable it to offer consumers in British Columbia, Alberta, Manitoba and Ontario discounted multiservice bundles and innovative products, including both mobile and Internet, at even more competitive prices. We will bundle on better terms than what anyone else, including Shaw Mobile, is offering today.

Any remaining sceptics should take note: the dogged opposition to the transaction from the likes of Telus can only confirm that they fear Videotron's ability to create true competition and bring down wireless prices in Canada. It's unfortunate that Bell and Telus are fighting what Canadians want: better prices, innovation, customer service and respect.

Videotron is eager to show Canadians how a strong 4th player can disrupt the market and deliver concrete results.