

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34;

AND IN THE MATTER OF the proposed acquisition by Rogers Communications Inc. of Shaw Communications Inc.; and

AND IN THE MATTER OF an application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*.

BETWEEN:

COMMISSIONER OF COMPETITION

Applicant

- and -

**ROGERS COMMUNICATIONS INC. AND
SHAW COMMUNICATIONS INC.**

Respondents

**RESPONSE OF ROGERS COMMUNICATIONS INC. TO THE DEMAND FOR
PARTICULARS OF THE COMMISSIONER OF COMPETITION**

Each Demand made by the Commissioner is set out below, followed by Rogers'

Response to that Demand in italics:

1. At paragraphs 2, 4 and 36 of its Response, Rogers claims that "the transaction will increase competition". With respect to these allegations, the Commissioner demands Rogers provide particulars of each increase to competition claimed by Rogers, including to identify:

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- a. each product and geographic market in which Rogers claims competition will increase;

Competition will increase as a result of the transaction in the following product and geographic markets:

- i. Business wireline services across Canada;*
- ii. Business and consumer wireless services across Canada; and/or*
- iii. Such other product and geographic markets as may be identified in documents received by the Commissioner from third parties and produced on discovery.*

- b. the material facts as to why competition will increase in these markets;

Competition will increase in the product and geographic markets set out above as a result of the following:

- i. Increased network investments by both Rogers and its competitors;*
- ii. Downward pricing pressure resulting from the reductions in marginal costs, including from: (i) reduced roaming costs; and (ii) reduced network marginal capital costs; and/or*
- iii. Such other mechanisms as may be identified in documents received by the Commissioner from third parties and produced on discovery.*

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- c. whether the relevant competitive effects are unilateral or coordinated;

The effects described above are unilateral (in that they would enable greater competition by the combined entity) and will also lead to increased unilateral competitive responses by the combined entity's competitors.

- d. each enhancement to output, if any, that is claimed by Rogers;

The enhancements to output that will result from the transaction include:

- i. Increased wireless and/or wireline service quality;*
- ii. Increased wireless and/or wireline network capacity;*
- iii. Such other enhancements to output as may be identified in documents received by the Commissioner from third parties and produced on discovery.*

- e. which enhancement to output, if any, Rogers claims would remain cognizable in the event of a divestiture of Freedom.

Whether and to what extent each enhancement to output remains cognizable following a divestiture of Freedom will depend on the specific terms of such divestiture. The enhancements to output that remain cognizable under the proposed divestiture will be addressed in Rogers' expert and fact evidence.

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2. At paragraphs 4 and 39-41 of its Response Rogers claims that the transaction gives rise to “significant productive and dynamic efficiencies”. With respect to these allegations, the Commissioner demands Rogers provide particulars of:
- a. each productive efficiency Rogers claims is cognizable under section 96 of the Competition Act, R.S.C. 1985, c. C-34 (the “Act”) , including to identify:
 - i. each claimed “cost savings” and “reduction in redundant real estate and network equipment”;
 - ii. the components of each claimed “cost savings” and “reduction in redundant real estate and network equipment”; and
 - iii. the product and geographic market in which Rogers claims the efficiency will be achieved.

The productive efficiencies Rogers claims include the following, which will benefit wireless and wireline markets across Canada:

- i. Wireless network capital expenditures and operating cost savings through network economies;*
- ii. Wireless retail location cost savings through the rationalization of wireless retail locations across Canada;*
- iii. Wireless labour cost savings through headcount reductions;*
- iv. Wireless marketing cost savings through the elimination of duplicative spend;*

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- v. *Wireline labour cost savings through headcount reduction;*
- vi. *Wireline and corporate real estate savings through reduction of offices and call centres as well as core, hub-site, warehouse, programming and technical sites;*
- vii. *Wireline marketing cost savings through the elimination of duplicative spend;*
- viii. *Capital expenditure savings in Western Canada, where Rogers is currently planning to extend its fibre network but where Shaw already has a fibre network;*
- ix. *Corporate labour cost savings through headcount reductions;*
- x. *General and administrative cost savings, including board of director fees, audit fees and insurance fees;*
- xi. *Corporate information technology savings, including data center savings, application rationalization, managed services optimization, project portfolio rationalization; and/or*
- xii. *Such other productive efficiencies as may be identified in documents received by the Commissioner from third parties and produced on discovery.*

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- b. each dynamic efficiency Rogers claims is cognizable under section 96 of the Act, including to identify:
- i. each “quality improvement” alleged, and in respect of which product or service;
 - ii. any other dynamic efficiency alleged, if any, in respect of what product or service and over what time period; and
 - iii. the product and geographic market(s) in which Rogers claims the alleged dynamic efficiency will be achieved.

The dynamic efficiencies that will result from the transaction include the following, which will benefit wireless and wireline markets across Canada:

- i. Improvements to the quality of wireless networks that would result from combining the Respondents’ wireless networks, which may include improved speed, capacity, and/or coverage;*
- ii. Improvements to the quality of wireline networks that would result from combining the Respondents’ wireline networks, which may include improved speed, capacity, and/or coverage; and/or*
- iii. Such other dynamic efficiencies as may be identified in documents received by the Commissioner from third parties and produced on discovery.*

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- c. which efficiencies Rogers claims remain cognizable in the event of a divestiture of Freedom.

Whether and to what extent each efficiency remains cognizable following a divestiture of Freedom will depend on the specific terms of such divestiture. The efficiencies that remain cognizable under the proposed divestiture will be addressed in Rogers' expert and fact evidence.

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