TELECOMMUNICATIONS
Sector Profile

Sector Facts and Figures, 2016	
Total Operating Revenue*	$67.5 billion
Total GDP (2007 $CAD) *Share of Canadian GDP*	$30 billion *1.8%*
Total Employment *Change since 2007*	127,000 *+3%*
Average Hourly Wage (Excluding overtime) *Inflation-adjusted change since 2007*	$30.00 *-1%*
Productivity Growth 2007-2016	14%
Average Work Hours/Week (Excluding overtime)	35
Average Overtime Hours/Year	62
Union Coverage Rate	29%
Unifor Members in the Industry	26,400
Share of Total Unifor Membership	9%
Number of Unifor Bargaining Units	205
Average Bargaining Unit Size	129

Source: Cansim; Unifor Research Department.
*2015 data.

Current Conditions

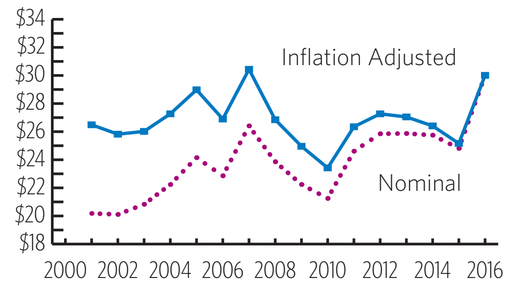
The telecommunications industry is comprised of several hundred service providers. However, the sector is dominated by a few major players: the "big three" include Bell Canada, Telus and Rogers, though there are other large companies, too, such as Shaw, Videotron, Allstream, Cogeco and SaskTel.

Employment, 2001-2016

Economic conditions in this rapidly-evolving industry are subject to significant change. The sector employs 127,000 people, which is three per cent higher than in 2007. Owing in part to high levels of union representation, average wages in this sector hover around $30 per hour, which represents a near 30 per cent premium over the Canadian average.

While average hourly earnings (adjusted for inflation) are down slightly from a decade ago, they have risen by nearly 30 per cent since 2010 (after having plummeted dramatically during and after the Great Recession of 2008-09). Rising wages, in conjunction with more hours of work per week means that, in 2016, average weekly earnings hit an all-time high.

Average Hourly Wage, 2001-2016



There are major central collective agreements that cover members and locals who share the same employer. However, Unifor's major collective agreements in the sector expire at different times.

Unifor's telecommunications membership faces a common set of challenges, including the changing ownership landscape of telecommunications companies (which is a partial result of federal legislation affecting foreign ownership), the lack of strong regulation, access to services for many Canadians, contracting out and offshoring work, technological change, job security and attacks on employee compensation and benefits, among others.

Unifor in the Canadian Telecommunications Industry

Select Unifor Employers	Approx. # Members
Bell Canada	17,500
SaskTel	3,000
Zayo Canada	800

Unifor is the leading union in the telecommunications sector, with roughly 26,000 members working at large and small employers across the country. Telecommunications is also one of Unifor's largest sectors, making up nearly 10 per cent of overall membership, and it is home to one of Unifor's single largest employers, namely Bell Canada.

Two-thirds of sectoral membership work for Bell Canada or one of its subsidiaries, including Bell Aliant, Bell Technical Solutions, Expertech, MTS and Progistix Solutions. More than 10 per cent work for SaskTel, and the remaining members work for a variety of private (sometimes publicly-traded) firms.

Regionally, Ontario and Quebec make up two-thirds of sectoral membership, with the rest of the union's members working throughout British Columbia, the Prairies and the Atlantic region.

Moving Forward: Developing the Telecommunictions Industry

In 2012 the federal government amended the Telecommunications Act in a manner that changed the rules around foreign ownership. Notably, the amendments now permit carriers to be less than 80 per cent Canadian-owned as long as they account for less than 10 per cent of total industry revenue. Currently, only Bell, Telus and Rogers individually represent more than 10 per cent of the Canadian market.

There are a number of concerns regarding the impact of increased foreign-based carriers in the Canadian market. First, there is no strong evidence to suggest that more foreign-based carriers would lead to lower prices or better services. Canada has one of the most competitive wireless markets in the Organization for Economic Co-operation and Development (OECD). The overall number of wireless carriers would most likely decline if foreign companies (typically larger ones who would be interested in entering the market) are more easily able to acquire smaller companies. Further consolidation of the telecommunications market could also be worse for customers. Second, foreign ownership has the potential to undermine Canadian culture and innovation. Telecommunications, media and broadcasting have evolved in a way that now makes them intimately linked. Third, increased foreign control in telecommunications has raised issues around national security and privacy. Canadian laws exist when it comes to the activity of Canadian companies and protecting the privacy and security of people in Canada. However, these laws are much harder to enforce for companies that are based outside of the country. Canada's Privacy Commissioner has already ruled that once data leaves Canada, it is in the hands of other countries and subject to their laws.

In 2016 Bell announced its purchase of MTS, which later passed all the regulatory hurdles necessary to complete the deal. Some concern over the deal revolved around its potential to lead to more a more highly concentrated telecommunications sector, and in particular, less competition for retail wireless services in Manitoba. Even though part of the deal involved the divestment of some of its new subscribers to Telus, Bell was forced by the Competition Bureau to sell a number of retail stores, forfeit nearly 15,000 subscribers and relinquish 40 MHz of spectrum to Xplornet.

In 2016, after the provincial election in Saskatchewan and shortly after the announcement of Bell's purchase of MTS, SaskTel decided to complete a review of the impact and risk that the acquisition of MTS by Bell would have for SaskTel. Shortly after this development, the Saskatchewan government projected a large deficit in its provincial budget, followed by Premier Brad Wall publicly stating that he would consider selling off Crown corporations to generate revenue for the province. This has raised serious concerns for Unifor's telecommunications members, given that the Saskatchewan Party has a long record of privatizing public entities. Subsequently, in March 2017, the Wall Government passed Bill 40. This legislation will make it easier to privatize Crown corporations, including SaskTel. Privatization should be resisted for numerous reasons, including the inevitable downward pressure it will put on wages and working conditions.

Major Sector Development Issues

- Resist the privatization of SaskTel by the Wall Government, which will undermine the conditions and compensation of work at a vital Unifor employer.
- Nothing in the renegotiated Trans Pacific Partnership (TPP) should limit or prevent Canada from establishing rules restricting the foreign ownership of telecommunication services, whether those rules exist now or will be applied in future.
- Greater clarity is needed on the policy flexibility afforded to Industry Canada under the TPP and its ability to set spectrum allocation policies in the public interest.