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# Standing Committee on Industry and Technology

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Chair: Mr. Joël Lightbound





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• (1305)

[Translation]

**The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)):** Good afternoon, everyone.

I thank all the witnesses who are joining us today, most virtually.

The meeting is called to order.

Welcome to meeting number 21 of the House of Commons Standing Committee on Industry and Technology.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Friday, April 8, 2022, the committee is meeting to study the competitiveness of small and medium-sized enterprises.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. I believe I saw that some of the honourable members are in the committee room in Ottawa. They are familiar with the current health rules, so I ask that they conduct themselves accordingly.

We are very pleased to have several well-known witnesses with us today. Without further ado, I will introduce them.

We welcome Ms. Vass Bednar, executive director of the master of public policy in digital society program at McMaster University, and Mr. Pierre Larouche, professor of law and innovation with the faculty of law at the Université de Montréal, who will both be appearing as individuals.

We also have Ms. Denise Hearn from the American Economic Liberties Project, who is a senior fellow and co-lead of the access to markets initiative.

We also have Ms. Dana O'Born, vice-president, strategy and advocacy, from the Council of Canadian Innovators. Ms. O'Born will give her presentation last, as she is having technical difficulties that we are attempting to resolve.

Finally, we have Mr. Richard Kurland, lawyer and policy analyst with Lexbase, and Ms. Lauren van den Berg, executive vice-president, government relations at Restaurants Canada.

Thank you all for taking the time to join us on this beautiful Friday afternoon.

[English]

Without further ado, we'll start with Vass Bednar, from McMaster University.

The floor is yours.

**Ms. Vass Bednar (Executive Director, Master of Public Policy in Digital Society Program, McMaster University, As an Individual):** Thank you so much.

My name is Vass Bednar. I'm the executive director of McMaster University's M.P.P. in digital society program, where I'm also an adjunct professor of political science. I'm also a Public Policy Forum fellow and a senior fellow at CIGI. I write the newsletter "Regs to Riches".

I'm sharing my speaking time today with Denise Hearn.

**Ms. Denise Hearn (Senior Fellow and Co-Lead, Access to Markets Initiative, American Economic Liberties Project):** Hi, everyone.

My name is Denise Hearn. I'm a senior fellow at the American Economic Liberties Project and the co-author of *The Myth of Capitalism: Monopolies and the Death of Competition*, which was named a Financial Times best book of 2018.

**Ms. Vass Bednar:** As the committee undertakes this study, we would encourage you to focus on the underappreciated or less appreciated challenges that independent businesses are facing in today's markets, particularly in digital platform-based markets.

Of late, I've taken a consumer-centric approach to my own research and advocacy. I've written about how the activity of self-preferencing may be deceptive. I describe the issues associated with hyper-personalized pricing schemes that are opaque. At the very least, consumers deserve to know when they're receiving a personalized price and why.

Consumers are not the only actors that need to navigate increasingly murky marketplaces. When merchants go to compete or shop online, they are traversing their very own hall of algorithmic mirrors.

**Ms. Denise Hearn:** The question we're interested in is why it is so difficult for smaller businesses to compete, despite new modern technology that should make it much easier for them to be successful.

As it stands, entrepreneurs must navigate a series of expensive and near-invisible competition issues that are imposed by digital gatekeepers. As small businesses increasingly sell online in platform-based marketplaces, they're dealing with de facto private regulators that dictate terms and impose tolls as middlemen.

For example, Etsy sellers recently went on strike and closed their online stores in protest of rising transaction fees. Meta recently announced that it would take a 47.5% cut of all digital assets sold in its metaverse platform. Amazon now makes the largest amount of its revenue from seller fees, which have risen consistently every year. In April of this year, Amazon hit sellers with a 5% fuel and inflation surcharge to make up for their slower growth in Q1.

However, it's not just digital markets. Grocery store suppliers recently raised concerns over increased fines penalizing late deliveries due to supply chain disruptions that were largely outside of their control.

Through the initiative that I co-lead, Access to Markets, I've had countless conversations with entrepreneurs across industries as diverse as music and entertainment, farming and cloud storage. These entrepreneurs cannot access markets on fair and equal terms due to dominant gatekeepers. This means that they cannot compete based on producing better quality goods and services. Many businesses are justifiably afraid of speaking out for fear of retaliation or repercussions for their businesses.

As of now, small and medium-sized businesses must independently navigate these and other anti-competitive tactics. These tactics can extend to coercive, unfair or unclear contract terms, which are often referred to as "contracts of adhesion". This means that the contract is a take-it-or-leave-it agreement with inherent power imbalances. These contract terms are increasingly used to weaken the bargaining power of smaller suppliers or counterparties, workers and consumers. Things like mandatory arbitration, non-disparagement clauses, perpetual claims on IP and other such terms can silence stakeholders, limit their legal options or rights, impede fair dealings, restrict the freedom to set prices and extract profits or information from independent businesses.

Businesses also may have their product copycatted or their IP stolen. They're finding few avenues for recourse from the platforms because, in fact, platforms may be the perpetrators of the copycating.

**Ms. Vass Bednar:** Platforms or online marketplaces such as Amazon also compete directly with their third party sellers. They've referred to them as "internal competitors" in corporate documents. Regulators and decision-makers should be concerned then, perhaps, that Amazon's IP Accelerator, which launched in 2019 and came to Canada last year in 2021, is now here. The program matches third party sellers on its platform with trademark and patent law firms, with which it has negotiated set rates to aid sellers in "protecting their brand".

Canada has a great opportunity, an opportunity to be informed by recently conducted research that considers competition issues facing SMEs such as price discrimination by dominant players, compliance fines, dominant companies using their influence to forestall policy intervention, and dominant companies using incentives that lock-in smaller businesses to their services. We think that significantly improving competition outcomes in Canada for small and medium-sized businesses for firms of all sizes, demands an all-of-government approach that's recently exemplified by the Biden administration's executive order. We can't and shouldn't rely on the Competition Act alone as a sole instrument here.

In sum, there are invisible, or less visible, competition issues that affect small and medium-sized businesses that must be studied in the Canadian context. Your study should also consider the intersections between competition and intellectual property.

• (1310)

**Ms. Denise Hearn:** The brief that we have submitted to the committee contains further discussion and areas of opportunity to consider.

We thank the committee for the opportunity to appear and are available for follow up conversations and analysis.

Thank you so much.

**The Chair:** Thank you very much for your presentation.

[*Translation*]

I now give the floor to Mr. Larouche from the Université de Montréal.

**Dr. Pierre Larouche (Professor, Law and Innovation, Faculty of Law, Université de Montréal, As an Individual):** Thank you, Mr. Chair.

Thank for the invitation to appear before the committee.

I will say a few words about my background, and make a few more general statements about today's topic. I believe the rest will come during the discussion.

I am a professor of law and innovation and assistant dean of program development and quality at the Université de Montréal. More broadly, I am basically a specialist in competition law and economic regulation, or all the laws that ensure that markets produce the expected results.

My most recent research focused on the interaction between law and innovation. I am not very well known yet in Canada because I built my career in Europe. I spent 25 years in Europe, mostly in the Netherlands. I also worked in the United States and Asia. I have been back in Canada for five years.

I will focus my comments on competition law and economic regulation, among the many themes on the agenda for your committee. Since we are focusing today on the SME approach or perspective, I will try to put that at the centre of my comments, while distinguishing between traditional SMEs and emerging SMEs.

Traditional SMEs are businesses that are usually a bit bigger than start-up businesses. Their goal is to last over time, to keep their place in the market and to grow. A start-up business is usually a small SME that is seeking fairly rapid growth to reach a level that often allows it to be acquired by a much larger business. I will therefore distinguish between these two cases.

Traditional SMEs are businesses that usually do not exist in a vacuum. It must be understood that they are part of a fabric or ecosystem made up of other businesses, often SMEs, that offer it related services or that are suppliers or clients.

As my colleagues have already noted, the current problem is related to the labour shortage referred to in the documents and, more broadly, to the entire difficult economic context in which we find ourselves. All this makes life difficult for SMEs and has a domino effect on the entire SME fabric and ecosystem. As a result, that pushes SMEs to turn to larger partners for their activities. These are often platforms that will typically offer cloud computing services, platforms for product distribution and so forth. This obviously creates a problem for SMEs, as my colleagues said a few minutes ago, because it creates flagrant inequality between small business based in Canada and platforms that are global in scope and are often based in the United States.

My colleagues referred to problems that arise and that may be due to the fact that the platform controls the SMEs' data, creating dependency and preventing SMEs from going elsewhere. This often makes life difficult, as it does not allow them to truly know what is happening in their own operations.

One phenomenon that we often see with innovative SMEs is the confiscation of innovations by the platform. This is particularly associated with, but not limited to, Amazon. Amazon is well known for using information on its electronic sales platform to see what works and what does not work as well. One or two months after the arrival of a product that works well, it will become an Amazon Basics product, which will be sold in competition with the business that had the good idea. It is therefore very hard for small businesses to do business with platforms on an equal and fair footing.

There are initiatives under way that I would be pleased to tell you about in the discussion. I continue to monitor what is happening in Europe and the United States very closely. I have worked a lot in recent years on initiatives that are under way in Europe and the United States to resolve this problem. The Europeans are further ahead. They have two specific initiatives.

• (1315)

First, what is called the Digital Markets Act will be adopted. Agreement has been reached. In a matter of days or weeks, the law will be officially adopted. That will completely change the legal environment for large platforms, referred to as GAFAM.

There is another proposal, which is not as far along, but that should nonetheless be completed: regulations concerning data. These regulations will also allow businesses to better control the data they share with platforms and allow them to change suppliers, retrieve data and so on.

We could discuss all this, and I would be pleased to give you more details. In short, Canada should draw inspiration from these initiatives.

The reform of competition law in Canada poses two problems. First, in its current state, Canada's Competition Act is already somewhat behind what is being done in the world. I have sent you a document that I recently prepared on this topic. Then, even if we do the same as all the other countries, the fact remains that Europe and the United States are already improving their economic regulations to better resolve the problems associated with the large platforms. Canada must therefore do two things.

I will conclude my remarks by discussing the second type of SME, namely start-up SMEs. These SMEs must always have an exit strategy. That is their main concern. Either they grow until they are acquired by someone else, or they grow and become large companies. In Canada, the path to growth to become a large company is very difficult to put in place. I believe other witnesses have already talked about this. There is a lack of venture capital, and there are problems associated with growth. The acquisition strategy is therefore dominant in Canada. There, too, we see that there are difficulties. Often, large platforms acquire start-ups simply to mothball them. In other words, they close them to take the innovation for themselves.

Here again, this is something that has attracted attention in Europe and in the United States. The Americans are a bit ahead of what is being done in Europe, but in both cases, the situation is being monitored very closely and efforts are being made to control mergers, to prevent large platforms from acquiring SMEs solely to get rid of them because they could be a threat to them. Clearly, from a Canadian perspective, this is undesirable. Even a less harmful acquisition, so to speak, could also result in a transfer of technology from Canada to the United States and the closure of a Canadian business.

This is another matter that Canada must address. It should look very carefully at controlling mergers, when a platform acquires a start-up.

I will stop here. I would be pleased to answer your questions during the discussion. I can do so in English or French. That is no problem.

Thank you.

**The Chair:** Thank you, Mr. Larouche.

[English]

I would now turn to Mr. Kurland from Lexbase.

**Mr. Richard Kurland (Lawyer and Policy Analyst, Lexbase):** Thank you.

Lexbase provides policy and operational information regarding immigration issues as well as Federal Court decisions rendered in the previous 30 days of the month, since 1989. We go to, in the public sector, CBSA, IRB, DOJ, IRCC, among others, the provincial immigration systems and, in the private sector, to most of the immigration bar and consultants.

I'll get to the point, which is the Service Fees Act. Small and medium-sized businesses require work permits to fuel growth, and the work permits have been in a state of decline in terms of processing times to the point where small and medium-sized businesses are suffering.

The Service Fees Act is a little-known law. Briefly, what it does is provide set standard processing times for a government service like an application for a work permit. It has teeth. Non-compliance results in an automatic refund or partial refund to the user directly. In addition, it motivates departments like Immigration, Refugees and Citizenship Canada, IRCC, to deliver in a timely manner that is predictable for small and medium-sized businesses.

Right now, the departmental remission policy is authorized pursuant to section 7 of the Service Fees Act in accordance with, if you like numbers, section 4.2.4 of the Treasury Board directive on charging and special financial authorities.

On the recommendation, right now IRCC has had limited use of the Service Fees Act in accordance with this policy. By placing work permits to make them subject to the Service Fees Act, we can motivate government to deliver, in a timely and predictable manner, work permits to small and medium-sized businesses. It's huge if you go to the membership of these organizations in terms of results. That's the first item.

The second item is something called the labour market impact assessment. There's no need for this in the province of Quebec. Quebec is already doing it. This is a classic example of government duplication and waste. Where Quebec is already providing the service, why do it again? You pave the road once, not twice.

The third item—and I'll close after this—is IT, information technology. This little fix will spill over to other departments beyond IRCC. What we need here is an application programming interface. An application programming interface, or API, is a bridge that makes communication possible between independent software programs. You can send and receive data with an API. CRA, Canada Revenue Agency, is already doing this. It has third-party independent software producers outside government that allow end-users, taxpayers' businesses, to directly interface with the CRA system.

We don't have that at immigration and other departments. We don't have that between the array of provincial nominee systems and our own federal government. If we allow that capability, small and medium-sized business don't duplicate their time and effort by sending the same information to two levels of government; it's a waste. As well, in government, you cut down duplication by providing shared information, common information.

I'm sure there will be some questions about this. The IRCC has been notoriously reluctant to give up power and control of its processing times, and that's where we need to go.

• (1320)

For Quebec, the last point would be, frankly, why should people in one province—it could be any province—have slower processing times than other provinces? The Service Fees Act can set standards. You combine provincial and federal processing times into one processing time for a service. If there is variation, say more than 60 days for a temporary status application, or more than three months for a permanent resident application, people have to pay money to the applicant directly—not intragovernment—for failing to provide uniform and consistent processing times.

There's no reason that a province like Quebec, for example, should be prejudiced for exercising Quebec's right in the field of immigration. That's contemplated by section 95 of our Constitution Act. The deal there is that you count the processing times together, Quebec and federal, or British Columbia and federal, or New Brunswick and federal, to provide a uniform and consistent yardstick or metre stick for the delivery of that government service.

I'm ready for questions whenever.

[Translation]

Thank you

• (1325)

**The Chair:** Thank you very much, Mr. Kurland.

I think there are a lot of assistants to members in constituency offices who would find it hard to disagree with some of your assertions.

I now give the floor to Ms. van den Berg from Restaurants Canada.

[English]

**Ms. Lauren van den Berg (Executive Vice-President, Government Relations, Restaurants Canada):** Good afternoon. Thank you so much, Mr. Chair, for having me today. It's lovely to see some familiar Zoom faces.

Recognizing that the breadth and scope of this committee study is quite diverse, I'd like to use my time here today to focus on our industry's most burning priorities: labour shortages and inflation.

I'll walk you through a quick overview of what the restaurant industry has gone through since the start of this apocalypse and what that means for our local economies across the country as Canada begins to rebuild.

Restaurants and the many small and medium-sized businesses that make up the Canadian food service sector are a critical pillar of our culture, economy and local communities. Before the pandemic struck, our industry comprised over 98,000 establishments from coast to coast to coast, contributing 4% to the country's GDP and serving about 22 million customers each and every day. In fact, prior to the pandemic, the food service sector was Canada's fourth-largest employer, directly employing 1.2 million people.

However, our industry lost more jobs in the first six weeks of the pandemic than the entire Canadian economy lost during the 2008-09 recession. No other industry has come close to facing this level of shortfall. There are still more than 195,000 fewer jobs in the Canadian food service sector than there were in February 2020. Meanwhile, most other industries have nearly fully returned to or are above their prepandemic levels.

The reality is that food service is very labour-intensive. Finding any staff, let alone staff with applicable skills and experience, was already becoming very difficult for our sector, even before the pandemic started. After more than two years of unprecedented challenges and repeated dining closures, restaurants across the country are still struggling to secure enough staff to maintain regular operations.

In our most recent of the restaurant outlook surveys, results indicate that the vast majority of food service establishments continue to have sales below prepandemic levels, and chronic labour shortages are making it much more difficult for operators to meet the growing demand of hungry guests. While some restaurants are looking to add more technology and automation in the coming years, solutions like robot servers are not on everyone's menu, if you'll pardon the pun.

The reality is that many of these exceptionally tech-forward solutions simply wouldn't provide the human interaction and personalized level of service that guests expect when dining out. After all, we take hospitality very seriously.

At the same time, though, our survey results reveal that between labour shortages and rising costs, many food service operators don't have a choice. Investing in new technology and automation might be the only way they can survive. To help the restaurant sector overcome pre-existing labour shortages that have been exacerbated by the COVID-19 pandemic, Restaurants Canada has developed a national food service labour strategy, which I'm happy to share in full with this committee following our discussion here today.

I also want to recognize that while the recently announced amendments on the TFW program are a great first step, some of the most critical amendments for our sector are only valid for one year. As an application process can take from 12 to 18 months from start to finish, that's just not enough runway in the business cycle to ensure a sustainable solution to this labour crisis.

Adding further fuel to the fire in trying to rebuild a business after over two years of rolling lockdowns and restrictions, inflation is skyrocketing. It's projected to be an ongoing and increasingly worrisome trend. There are real concerns that grain, especially feed, which directly affects food prices, will continue to push costs up. The ongoing invasion of Ukraine threatens to further weaken grain

markets, and we've already seen hoarding of feed commodities, which is having a punitive impact on food prices for our members. That's in addition to the drastic price increases for key proteins like chicken at 10.4%, beef at 16.8% and pork at 9.3%.

This is all having a very real and very tangible impact on our members. Nearly all of our survey respondents, like 96%, reported some disruption in the supply of food. In response to these supply disruptions, more than half of our respondents are reducing the number of items on their menus, and nearly half of quick-service restaurants and 40% of table-service restaurants expect that supply-chain disruptions to their businesses will only worsen over the next six months.

That's why inflation is right behind labour shortages when it comes to what keeps my members and my team up at night.

I know I've thrown a lot of numbers at you here today, and I am of course more than happy to share them with this committee in detail, but I'd like to close out my official remarks by saying that while restaurant operators are innovative and resourceful, the COVID-19 crisis has absolutely stretched their resiliency to the limits. For nearly two years now, the over 90,000 small and medium-sized businesses that make up our critically important sector have been fighting to keep their doors open, and they deserve federal support programs like the national food service labour strategy that will help them continue to contribute to the social and economic fabric of their communities.

Thank you.

● (1330)

**The Chair:** Thank you very much, Madam van den Berg, for your presentation.

Just before we start the first round of questions, I'll inform members that Ms. O'Born from the Council of Canadian Innovators had technical issues. She will be back with us on Tuesday, I believe.

Thanks for joining, and we'll see you on Tuesday, Ms. O'Born.

Without further ado, we'll start to open up the discussion with MP Gray for six minutes.

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair, and thank you to all of the witnesses for being here today.

I'd like to start my questions with Restaurants Canada. I understand your reaction to budget 2022, where you expressed the need for the government to conduct a "do no harm" approach to the industry. I agree. We both know that it's been a really challenging situation for many restaurants right now, so I was wondering if there are any specific points in the budget or with recent tax increases that you feel might not be helpful and actually harmful to the industry.

**Ms. Lauren van den Berg:** Thank you so much for the question.

Speaking of the "do no harm" policy, I think coming out of this apocalypse...and I call it that not to be facetious but because that's what it's really felt like for so many of our members and small businesses across the country. They have struggled for so long, white-knuckling it to keep their doors open, and now, finally, fingers-crossed, knock on all various wood products, they're going to be able to stay open. Now it becomes a question of how they keep the lights on, and that goes to the labour shortage, absolutely, but it also goes to the cost of rising food prices, inflation and the general cost of doing business when you have a mountain of debt behind you from those rolling restrictions and lockdowns.

When we ask for the government to do no harm we mean that we require a regulatory framework that doesn't impose additional costs on an industry that continues to white-knuckle it. While we're seeing a light at the end of this pandemic tunnel, we're still very much in the tunnel. Patio season is something that lots of our members are pinning all their hopes and dreams on. We're optimistic that we're going to see sales improve, but as I indicated in my remarks, we are still not yet at prepandemic sales levels.

What we're asking is for the government to help rebuild public confidence, not only when it comes to taking the lead in dining out and helping the hospitality sector to return to those prepandemic levels of operations. We need to create the best possible conditions for recovery for businesses that have spent two years either losing money or barely breaking even.

We need a "do no harm" approach when it comes to taxes, fees and regulations whether it surrounds single-use items or a freeze on any other excise duty taxes or a cap on credit or debit card interchange fees. I don't want to call them low-hanging fruit to diminish the impact they're going to have, but every penny counts right now.

**Mrs. Tracy Gray:** Great. Thank you very much. I want to try to squeeze in a couple more questions here.

You had mentioned the costs of many of the products that the restaurants are using, and you did mention really briefly the excise tax, the escalator tax. We heard earlier this week from Beer Canada on this issue and how it's affecting breweries, but we also know that it will affect restaurants, because they would be buying their products and then ultimately the consumers. Would you be able to expand on how this tax hike on beer, and actually on all excise products, will hit the restaurants' bottom line?

**Ms. Lauren van den Berg:** Absolutely.

Our concern with the excise tax has been very public and very much on the record since it was first implemented so many moons ago at this point. The problem is that it's an escalator tax, so every year it goes up without parliamentary approval, and it's creating ex-

ponential ripple effects on our operational costs, on our bottom line. It not only hits the local farmers and brewers but it has a trickle-up effect that increases the cost of our supplying beverages to guests and consumers.

The budget did indicate a promising first step in the elimination of that excise tax for low-alcohol beer and low-alcohol beverage products—and that's great—but that is a minuscule portion of our business, of the business of brewers across the country. When we talk about a "do no harm" policy, that would be a prime example.

• (1335)

**Mrs. Tracy Gray:** Actually, to continue on talking about taxes, we also know there was a CPP payroll tax increase that went up on January 1, and then also a carbon tax increase on April 1, which adds to transportation costs. What do you think about those taxes also increasing and are those affecting your industry?

**Ms. Lauren van den Berg:** Yes, it's a full-stop yes. It feels very much like death by a thousand cuts, and even in the best of times pre-apocalypse restaurants operate in a razor-thin profit margin. They make, on average, maybe 4%, and I think what most Canadians don't know is that for every \$10 spent on a restaurant meal, the food service establishment keeps less than 50¢. The rest all goes back into the economy. All of these minuscule taxes, whether it's the alcohol excise tax or an increase in CPP, it's this death by a thousand cuts. When we have that mountain of debt behind us after two-plus years of making those ends meet, even if we can open the doors now, we literally can't afford to keep the lights on.

**Mrs. Tracy Gray:** Great. Thank you.

I have one more quick question. You just mentioned debt, and actually I want to ask you about that.

We know that the CFIB has reported that the average small business took on \$170,000 in new debt during the pandemic. What would be the average amount that a restaurant owner would take on? How is this a burden for restaurants as they try to recover and even sustain themselves?

**Ms. Lauren van den Berg:** Our numbers indicate something very close to what CFIB has, because many of their members are also restaurants. On average, that's the hole, the pit, we're looking at.

That mountain of debt is coming at a cost literally and figuratively. One of our key asks has been to defer repayment of those loans and to increase loan forgiveness on the part of the government for those costs, because we don't have the dollars. We haven't been able to recoup our lost revenue over the last two years to be able to pay down that debt. This is the life savings of families across the country for these small and medium-sized restaurants. It's your local pub. It's your local café. As I said, we've been stretched to the limit. There's no more at the end of this.



Again, we're optimistic about the patio season, but we can't pay bills with optimism.

**The Chair:** Thank you very much.

[*Translation*]

I now give the floor to Ms. Lapointe for six minutes.

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you, Mr. Chair.

[*English*]

My questions are also for Restaurants Canada.

I was listening to your opening comments, and you'll be interested to know that, in Sudbury, we have a restaurant that just opened with a new robot waiter this week. So we're seeing it everywhere, even in Sudbury.

As a committee, we've heard from witnesses across many sectors that lack available workers. It's a major issue, especially for small and medium-sized enterprises. In terms of developing a workforce, we know that young people have different perspectives for their employment. This new workforce has more options and higher expectations. I'd be interested in knowing how your industry takes into account this younger workforce and what they want or need to see in their workplace to incentivize the next generation.

**Ms. Lauren van den Berg:** Thank you for the question.

Across the country, we are and historically have been the number one source of employment for young Canadians, for new Canadians and for people looking to build a business and a life for their family. We offer above minimum wage in nearly all jurisdictions across the country, but we also offer the flexibility that a lot of students require with their class schedules. I know that first-hand.

I think what we've been struggling with is that, because of the rolling lockdowns and because of the restrictions, all of our employees and all that institutional memory have had to find other places to go. They absolutely had bills to pay. They had to pay for rent and groceries, and they couldn't afford to hold out for "maybe we'll reopen next week."

That's a lot of institutional memory, skill sets and investment that businesses made on the part of their staff and their employees to keep the hospitality business up and running. Now those people have found gainful employment elsewhere. Why risk that to come back to an industry that can't guarantee the same level of security? I absolutely get it.

● (1340)

**Ms. Viviane Lapointe:** As people find gainful employment elsewhere, as you point out, what are restaurants able to offer as employers to be competitive in attracting those applicants and retaining employees?

**Ms. Lauren van den Berg:** What we've been hearing, certainly from my members, in the last several weeks to several months has been, "We are competitive. We are a supportive environment. We invest in our staff." Also, it's not just a job; it's a career. Nearly every single person on my board, for example, got their start washing dishes in a restaurant. It's in their blood, and it's not a job to be looked down upon.

The problem we have and the feedback we're getting in these job interviews when we're trying to hire is, "What if you get closed down again?"

We have no control over that. It's mandated by the provincial governments, and without a crystal ball, it's incredibly difficult for us to offer any sort of security for them. Again and rightly so, it's a tough position for us to be in.

**Ms. Viviane Lapointe:** As I'm sure you're aware, Canada is working to transition to a cleaner economy, which needs to be both an immediate priority as well as a sustained future effort. All sectors and industries in Canada must keep innovating to meet the long-term goal of fighting climate change.

I know that your organization's response to budget 2022 was that you indicated you were disappointed the budget reiterates the prohibition of certain single-use plastics in 2022. I'm genuinely interested in learning what the restaurant industry has done so far to avoid plastics waste.

**Ms. Lauren van den Berg:** Even before the emergence of COVID-19, consumer demand for takeout and delivery was already on the rise. The pandemic has clearly reinforced the critical need for those single-use items to ensure the health and well-being of Canadians as they continue to expect off-premise dining options.

That's not to say that our operators and restaurants across the country have ignored the integrity of environmental sustainability and what it means to our economy. It's an essential part of doing business. From locally sourced ingredients to energy efficiency, our industry has shown an ongoing commitment to environmental responsibility. Across the country, restaurant owners, managers and staff are working hard to navigate the already very complex regulatory landscape that impacts their day-to-day business operations.

Our concern was that, unfortunately, the legislation being proposed right now will do nothing to help restaurants successfully support the Canada-wide strategy on zero plastic waste, unless changes are made.

**Ms. Viviane Lapointe:** I also note, in your response to budget 2022, that you highlighted a lot of the programs that helped the restaurant industry.

Today you talk about a "do no harm" approach. However, many of the increased costs you were outlining are essentially unified costs. Other sectors are being hit by those same costs. What do you say to this committee about that?

**Ms. Lauren van den Berg:** Everyone is facing incredibly similar challenges. I would be remiss if I didn't position restaurants as being unique—certainly, given my job title—but the reality is that small businesses across the country are facing very similar uphill battles.

Whether it's the death by a thousand tax cuts or regulatory burdens, the COVID-19 pandemic has drastically altered the global economy. How businesses operate is absolutely going to change. I think that as we look to exit the light of the pandemic tunnel, a lot of our operators have had to innovate to get as far as they have. Some of those innovations might be the robot servers at the restaurant in Sudbury that you mentioned, and some of them may be more touch-screen menus. Some of it may be a reduction in menu items offered, because costs prohibit anything else.

In the hospitality sector, in restaurants in particular, I think the labour shortage is our number one pain point right now, but I suspect that the death by a thousand cuts is something that is going to be felt—if not felt already—by every sector across the country.

**Ms. Viviane Lapointe:** Thank you.

[*Translation*]

**The Chair:** Thank you very much.

Ms. Lemire now has the floor for six minutes.

**Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Thank you, Mr. Chair.

For the first round, my first questions are for Mr. Kurland.

Given your opening remarks, it is unfortunate that you are not the minister in office. I think that would resolve a lot of problems and difficulties.

I would like to hear more from you about the significant crisis related to the labour shortage, which requires a combination of solutions. We agree on that. During this study, several options have been recommended. I have gone over witnesses' comments, and according to one witness, this crisis has resulted in \$18 billion in losses for businesses in Quebec. Faced with such a major issue, we cannot sit on our hands.

What can we do now at the federal level? Do you have any ideas or measures that could be put in place now to meet the need for labour?

• (1345)

**Mr. Richard Kurland:** Yes, you are right.

The real problem lies in political will in Ottawa. Someone should at least recognize the basic problem and allocate the resources needed to issue permits to the people who need them.

[*English*]

It's just like we've heard from the restaurants and other witnesses. The trucking industry and our long-haul truckers: Where are they? This is a notorious supply chain issue. Even though we have the resources.... We have fantastic workers within IRCC who can do their jobs if they are allowed to do their jobs. By increasing resources, engaging more government workers, engaging more technology to allow the applications to be processed 24-7 globally and transferring files electronically globally, we can increase output volumes. Right now, we're using artificial intelligence to make high-volume new decisions efficiently and cost-effectively. Where are the savings?

Also, more transparency in the data of production and operation will allow critics such as me—who will not run for office, sadly, as then we'd have to work for a living—to then properly provide parallel advice to a minister's office that is additional to department information.

There's a corporate culture that we need to change now, a corporate culture within the immigration department of control, secrecy and lack of transparency, and that's just for the temporary status. I could go on with regard to permanent residents. We are missing key players here in Canada because of ever-increasing permanent resident application processing times, and that's not pandemic-caused. There's no reason.

Our information technology is there to process the people we need in order to grow from coast to coast to coast, and we had better do this now, because here's the warning. Because of current events in Ukraine and Russia, the Canadian supply of goods and services will be in higher demand than we have ever seen, beginning in 2023, as countries look away from Ukraine, Russia and their ilk to find suppliers like Canada.

What do you think is going to happen to our demand for labour as we face additional demands for goods and services? Plus, our human capital model to grow our population is to select the brightest and the best among people who are here—young people. We can't attract enough young workers and students to replenish what our demography says we need to do unless we tighten up the administration of our immigration system, add the necessary resources to bring processing times under control and simply implement the law on the books, the Service Fees Act.

That will require reporting of uniform, consistent processing times and will have teeth—cash—if they fail to meet standards. That's what we need to do.

[*Translation*]

**Mr. Sébastien Lemire:** I would like to hear from you about the issue of processing times.

According to the stories that I have heard from people in my region, a business owner can spend up to \$20,000 for one candidate, and you are saying that it can exceed that amount.

Could the federal government adopt regulations to ensure that, after a certain period, a tax would have to be paid or certain consequences would have to be faced?

Would that not be part of the solution?

**Mr. Richard Kurland:** Yes, absolutely. That is an option to explore. There could even be a pilot project to see whether or not it could work.

• (1350)

[English]

There's no reason why we can't think outside the box, particularly in the field of immigration, and take risks. Our employers in Canada are nimble, swift and competitive globally, and if they need someone, they're going to get them.

Don't forget: You cannot come to this country as a foreign worker unless you've already demonstrated there's no one available, qualified and willing to do the job. As well, we have exemptions. They're manifest. These are people who we cannot find here in Canada, and there's competition for this human capital globally. Why do we put up barriers to these businesses and to certain provinces when this is the energy that drives the economy, that creates paid taxes, that grows our businesses and that supports our families?

You're absolutely right.

[Translation]

**Mr. Sébastien Lemire:** [Technical difficulty—Editor]

**The Chair:** Sorry, Mr. Lemire, I missed what you said, but you will have a chance to come back to it. Your time is up.

Mr. Masse, you have the floor for six minutes.

[English]

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Thank you, witnesses. I will start with Ms. Bednar and Ms. Hearn.

With regard to some of the increased fees that are coming in and the lack of regulatory oversight for that, do you have any suggestions in the short term to help young entrepreneurs and others in this changing dynamic? It seems to me that it's pretty impossible to put out a business plan when these types of service fees are coming in. I'm not aware of any measurements—for example, from Amazon and others—to show that their business costs have actually increased to the point where they're professing to have to pass those charges on.

**Ms. Vass Bednar:** Thank you for the question.

Denise, I'll turn it to you in a second.

I think a lot of what you've heard are people describing the problems of private gatekeepers. When you heard earlier this week from CFIB about red tape, there was a little ambiguity there. We're putting forward that some of that red tape is imposed by large private companies.

There's a report that I'd be happy to follow up with you on. It came out last year. It's called, "Amazon's Toll Road". This report found that, in 2014, sellers handed Amazon \$19 out of \$100 in sales that they made. Today, that's \$34. There are absolutely examples where this is being quantified and counted. The small, third party sellers don't have an opportunity to negotiate that.

There are other examples that I think are relevant, Lauren, to you and your colleagues. The 30% commission fee for food delivery is something we've seen as very sticky and somewhat counterintuitive

to competition norms. Typically when a new entrant comes to the market, we'd expect that 30% to be challenged. Instead, what we see is that when DoorDash, for instance, comes to a market where Uber Eats might be, there's a profound stickiness to that 30%. In the pandemic, we saw some emergency, temporary legislation. Some of it was provincial here in Canada. It temporarily reduced that burden on restaurants. That demonstrates the power of government to act as a moderator, again, between some of these tolls and taxes.

Denise, what am I missing?

**Ms. Denise Hearn:** Sticking with the restaurant industry, Lauren, you mentioned the rising cost of inputs like chicken and beef. In Quebec there was recently a class action lawsuit filed against the main four Canadian meat packers—Cargill, JBS, Tyson Foods and National Beef Packing—for unduly restricting competition related to the production, supply and sale of beef, essentially for price fixing and price gouging. We're also seeing that there are a number of new studies coming out discussing the role that market power is having on inflation.

It's not just that these are normal market conditions but actually that companies are raising.... They're essentially markups. They're conducting markups of the price above production costs, over and above the rising costs that they have. It's a way to not only keep their profit margins consistent but in many cases to increase their profit margins.

If you're a small restaurant, a small supplier or an Amazon seller, these are dynamics for which, as of late, or as of now, there are very few avenues for recourse for these businesses. That is why we think that these kinds of private taxes, private regulators on markets, are increasingly an area where federal jurisdiction as well as provincial jurisdictions have a role to play in curtailing some of this such that it could provide more equitable access to markets for smaller businesses.

• (1355)

**Mr. Brian Masse:** As part of the solution for this, public shame doesn't seem to work. We've had the grocery store retailers fix the price of bread even before the pandemic, and there was hardly a public outcry. There was some action that took place. This is one of the most important staples for children, and basically those people should have been dragged in front of an inquiry. They were dragged before our committee for pandemic pay. Later on we learned that they were introducing new services. Some people might call it red tape when there are regulations on them, but we found out that they were abusing consumers by improperly advertising and also dual pricing those things and charging a fee on top of it. We still have not seen a full resolution to that.

I could go on and on with examples. Is it just because we have such poor oversight? There's almost no penalty at all that's taking place. The bread one is a great example. They basically got away without any repercussions. That's my opinion. That's where we should be stepping in, in my opinion. The Competition Bureau doesn't have the tools, in my opinion. I just think we're too lax politically, quite frankly. Some of these decisions require political courage.

**Ms. Denise Hearn:** Absolutely. The only small addition I would make is this: The other day, the U.S. Chamber of Commerce said, regarding the increased fines being discussed as changes to the Competition Act, that these types of violations would have a “chilling effect on investment” in Canada, which I think is laughable. Google was hit with the largest antitrust fines in history in Europe—\$5 billion, and it's barely a blink.

I agree that we need to have much stronger remedies for this type of anti-competitive behaviour, because markets are public institutions set by rules that we, the public, get to make. If we don't like what's happening in the markets, it's the role of public institutions to set those guardrails for markets and ensure that every player can access them on fair and equal terms.

**Mr. Brian Masse:** This has been playing out for a while. Even for Toyota, over the brake scandal, in Canada, they got a slap on the wrist. In the United States, they got fined billions of dollars...including research and development and further oversight. It was the same thing with the Volkswagen emissions scandal. It just goes on and on.

Do we basically need to revamp the entire Competition Bureau to bring a new age of anti-competitive laws into place? I see them as stymying innovation. The ones you mentioned—the user fees for Amazon and so forth—are more significant than people think. Young entrepreneurs and others don't have access to lawyers and accountants. They're busy trying to get by and grow themselves and make a living. Meanwhile, they get nickel-and-dimed to death.

Look at credit card transaction fees. I was shocked by the Business Development Bank of Canada not showing any interest in developing a product to lower costs for consumers and small businesses. They're still in their ivory tower.

**The Chair:** Mr. Masse and Ms. Bednar, that's a great question. However, we'll have to come back. We're already over time.

**Ms. Vass Bednar:** Okay.

**The Chair:** I note also, Mr. Masse, that Professor Larouche had his hand up and wanted to intervene.

**Mr. Brian Masse:** I'll go back to those witnesses so I won't have to repeat.

Thank you.

**The Chair:** Thank you.

[*Translation*]

I now give the floor to Mr. Deltell for five minutes.

**Mr. Gérard Deltell (Louis-Saint-Laurent, CPC):** Thank you very much, Mr. Chair.

I will reiterate what you said in your introduction earlier: we have very prestigious and relevant guests today, as usual. However, this time, it is even more so. You, the witnesses, are proof of that today.

Mr. Kurland, I will speak to you first. I know that you said you do not want to get into politics. However, you noted something that is very important: immigration.

I am currently at my constituency office, as is our chair, Mr. Masse and Mr. Williams. There are several of us at our constituency offices on this Friday. I am sure that my honourable members will tell you the same thing: we have a lot of new immigration cases every day.

I would like to hear from you about the measures that could be suggested to the government to make the system much more flexible and effective, and to allow more people from around the world to become Canadians.

[*English*]

**Mr. Richard Kurland:** First, we found \$40 million that the immigration department has taken from small and medium-sized businesses. As you know, it costs \$230 to make an offer of employment to a foreign worker. There's a little problem, however. Internal department financial records admit there's a consistent multi-year violation of the Financial Administration Act of this country. They're making a profit and not disclosing it to Parliament. It violates section 19.1 of the Financial Administration Act.

Resources are available if they can be identified. You have to overcome the culture of secrecy and lack of transparency. That's job one.

When you know, when you lift the top off the ant farm and have a peek inside, that's when you can fix things. For example, small and medium-sized businesses, employers and business owners, can pre-register their business with the immigration authorities to cut down delays and save government—the taxpayer—money. You can do the same for individuals who may wish at some point in the future to visit Canada or emigrate to Canada. Check them out. Do the background security check up front, independent of an immigration application so that they're pre-approved. Then you can instantly convert into a seamless transaction a business owner's desire in Canada to bring in a foreign worker with minimal delay, all paid by the foreign worker, all paid by the business owner, not the taxpayer. This would free up more resources so that you could adequately finance the operations of the immigration department.

There are other things. Start to use more technology, more online technology. What happened? The immigration department was one of the only departments in the Government of Canada capable of delivering service during COVID because of the Syrian refugee dossier. In order to bring in 40,000 people quickly, information technology was changed and the way of doing business in immigration was changed to expedite and facilitate, at lower cost, the immigration operations. When COVID hit, IRCC was there, prepared for off-site work.

More importantly for the purpose of today, start sharing the tools with the provinces. Why would you have businesses and individuals duplicate information upload? It's the same 60 questions. Duplicate it at the provincial and federal levels. If the jurisdiction is shared constitutionally, so too should the IT programs. Lastly, by doing that you facilitate enforcement. No one likes to talk about immigration enforcement, but by having that tool you deter bad people from doing bad things. It's a little high level, but it's that simple.

Overall, if I had to recommend something, it would be to have a watchdog. Where is the watchdog over IRCC? We have it for others like the RCMP and our intelligence agencies. Where is the immigration watchdog? That watchdog should have access to the government operational information, the databases, and we'll eliminate the monopoly held by the bureaucrats within IRCC and force independent thought, efficiency and transparency. We need a watchdog.

• (1400)

**The Chair:** Thank you very much, Mr. Kurland and Mr. Deltell.

We're now going to Mr. Dong for five minutes.

**Mr. Han Dong (Don Valley North, Lib.):** Thank you very much, Chair.

I want to welcome all of the witnesses who have come here today. My first question will be for Ms. van den Berg.

Ms. van den Berg, thank you very much for your input. You mentioned that the restaurants want to see less government intervention. They want to perhaps see less of an increase in or to have a freeze on CPP increases. I think you mentioned there's a new policy, but in my recollection it's just to index the CPP to inflation and the employee and the employer both pay a portion.

Can you clarify your statement about a “do no harm” policy? Do you mean that you want less government stepping in and telling the restaurants what to do or getting involved at all with restaurant owners? Can you just clarify that?

• (1405)

**Ms. Lauren van den Berg:** Yes, absolutely.

When we talk about a “do no harm” approach, we mean specifically in relation to taxes, fees and red tape, in order to create the best possible conditions for recovery. Frankly, after more than two years of losing money or barely breaking even, food service operations need a government to take a “do no harm” approach, which would include a whole-of-society approach to single-use items, one that's built on evidence-based policies and consistent standards across jurisdictions—

**Mr. Han Dong:** Thank you. I'm sorry. I don't mean to be rude, but I have very limited time. I have another question for you.

During COVID and the two years of the wage and rent subsidies, plus CEBA programs, I think the federal government directly spent—I don't have the figure with me—in the neighbourhood of \$20 billion. I might be wrong. I can correct the record later on, but it was in that range of billions of dollars to support small and medium-sized businesses.

Can you speak to the importance of that? You talk about these businesses barely sustaining themselves and surviving for two years. Also, my follow-up question to that is whether you know of any other country in the world that has had similar programs to support SMEs through the pandemic?

**Ms. Lauren van den Berg:** Sure. I'll go as fast as I can.

The federal support programs were absolutely 100% crucial to our survival. Nine out of 10 food services' businesses relied on, for example, the wage and rent support subsidies to help them survive the pandemic. It was absolutely crucial for us to even make it as far as we did, and it was thanks to these programs.

The subsidies were of particular use and utility to us because taking out loans to pay down loans is the worst kind of snake eating its own tail, which is why so many businesses are now facing that mountain of debt I spoke of.

To my knowledge, some countries have instituted similar loan repayment policies. I wouldn't be able to speak to the percentages of subsidies offered. I will, though, mention that other jurisdictions have invested in economic revival, demonstrating first and foremost how great it is to go out and eat in a restaurant again. That type of intangible leadership is something that we've seen percolate in other countries across the world.

I welcome you all to go to sit on a patio again.

**Mr. Han Dong:** That's very helpful. Thank you.

Later on, if you could come up with a list of countries and the various programs you think might be helpful—

**Ms. Lauren van den Berg:** Absolutely.

**Mr. Han Dong:** —please submit it to the committee for information.

I think you talked about the importance of tourism just now. If you compare month-to-month sales, we are heading into a very important phase of recovery that has a lot to do with tourism. If you have any suggestions about what the federal government should do to boost our tourism—we're all waiting for the peak—that would be very helpful as well. Thank you very much.

I want to move on to Mr. Kurland.

According to StatsCan, in March 2022, we saw a record low unemployment rate of 5.3%. However, it's 6.1% for visible minorities and 4.5% for non-visible minorities, with Black unemployment at 8.4% and Arab unemployment at 8.2%, both of which are high rates. Can you speak to that and give us some of your thoughts on how we can curb that?

There is a requirement to have Canadian experience. Is it true that visible minorities are discriminated against in the job market today?

**Mr. Richard Kurland:** There is no doubt that there is variation in unemployment rates based on those characteristics. That exists all across the country, but not in the same measures.

In British Columbia, for example, where we have the highest rate of foreign-born in the B.C. population compared with any other province, it's not nearly as bad. The trend, however, is positive. It is positive because Canada's young pool of immigrant families is integrating in the educational system. These immigrants grow up here. They rub elbows here. The result is that employer decisions are made by employers who come from those very families.

• (1410)

**Mr. Han Dong:** That's right. They create job opportunities for Canada as well.

Do you have any suggestions or recommendations for the government—

**The Chair:** Mr. Dong, I'm afraid that's going to be a question for a colleague to ask because we're out of time.

**Mr. Han Dong:** Okay. Thank you, Chair.

**The Chair:** I will move now to Mr. Lemire for two and a half minutes.

[Translation]

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

As we know, the labour shortage is affecting all industries, and even Service Canada. As a result, there are very significant delays in processing in almost all industries, particularly in processing labour market impact assessments, or LMIA's.

In that context, it must be particularly frustrating for a restaurant owner, for example, to need to show that there is a labour shortage, as the restaurant needs to be managed and there is no time for completing paperwork.

Ms. van den Berg, in the current context, would it not be appropriate to cancel, or suspend, LMIAs applications, given that they involve an administrative process that exacerbates wait times and, ultimately, prevents foreign labour from contributing to the productivity of our restaurants?

[English]

**Ms. Lauren van den Berg:** Absolutely, yes please. Let's do this yesterday.

[Translation]

**Mr. Sébastien Lemire:** Thank you very much.

I will ask another question of Mr. Kurland.

In the current context, would it be good to find a very simple solution to the federal government's needless and redundant processes?

On the one hand, the federal government could handle the security aspect, including biometric data. This is an important element, in my opinion.

On the other hand, as you mentioned, each province should be treated fairly, but at the same time, I do not think that we should level down. As a result, shouldn't the Quebec government be given responsibility for immigration, since the current problem is related to labour, which is a provincial jurisdiction? Shouldn't the Quebec government then be allowed to do what it wants, namely the regionalization of immigration? This would also allow Quebec's regions to access the labour needed for their businesses.

**Mr. Richard Kurland:** Yes, you are absolutely right.

[English]

You know, I've been following this for over three decades. Quebec has been a leader, if not the leader, in successful implementation and creation of immigration policy that benefits not just the Quebec region but also the neighbouring regions via spillover effects. Other provinces like Alberta and British Columbia are next in line. They respond to their immigration, labour and business needs as well.

Here's the thing. If Quebec is doing it well, if not perfectly well, why are we layering and adding unnecessary levels of bureaucracy, wasting taxpayer dollars, slowing down processes and delaying business needs, which hurts competition? It doesn't make sense.

Take a risk. Cut out labour market impact assessments if Quebec's already doing this. If you don't want the whole pie, take a little slice. Test it out for a year, compare the results, and then make that educated decision to do away with labour market impact assessments when it comes to the Quebec region. It's already being done. Stop it, Ottawa, please.

[Translation]

**Mr. Sébastien Lemire:** It is particularly shocking that, due to delays in processing at the federal level, 51,000 skilled workers are waiting to be admitted to Quebec.

Thank you very much, Mr. Kurland.

**Mr. Richard Kurland:** Thank you.

**The Chair:** Thank you, Mr. Lemire.

Mr. Masse, you now have the floor for two and a half minutes.

[English]

**Mr. Brian Masse:** Thanks.

I'll turn it over to Ms. Hearn and Mr. Larouche to make comments on my previous question with regard to the Competition Bureau.

**Dr. Pierre Larouche:** Thank you. Yes, I was going to say, in response to the comments that were made, that the 30% cut that you alluded to is everywhere—it's Uber, Apple, Google. It's the usual commission for anything that goes on the platforms.

The reason we're more aggressively against platforms—and we see this worldwide—is that there's a feeling that their innovativeness has peaked. When you look at the documents emanating from all the authorities, they all said, “We love these firms” in the 2000s, but now they're no longer doing what they used to do. They're not the same firms. The situation that you see, that you were alluding to, with the fines and the size of the fines, I can tell you, from being close to people in practice everywhere, that the firms are essentially now dedicating their platforms' massive resources to litigating just about anything they can litigate. It's very difficult for the enforcement authorities. Not just our Competition Bureau but also the European Commission is having a hard time, even if it can impose billions of dollars or billions of euros in fines.

You mentioned in your remarks the problem that there's so much market power amassed in it that it enables the firms to raise prices. That's a general problem. We've been relatively lax—actually, too lax—in merger control over the past decades, and we have markets everywhere that are fairly concentrated. When they're fairly concentrated, then firms don't have to talk. They don't have to sit in a restaurant and agree on their conduct. They just pick out the signals. When there are only two or three other firms on the market, they can easily read what's going on and then they stick at the same level.

When DoorDash comes into a market and Uber is already there, they know how Uber works, and they know what Uber charges. They just charge the same. Why should they bother? It's very hard to fight this. None of the competition laws around the world have a good grip on this, but the immediate solutions are to strengthen merger control and then to have discoordination among the firms. It's easier when the markets are concentrated, but it's still not automatic. Usually the firms have to do something, so exchange information and communicate, and you have to go after these practices. For this, as well, we need to have legislation that is fairly broad that allows the bureau to find the problems.

• (1415)

**Mr. Brian Masse:** I'll allow Ms. Bednar to get in quickly, because I have only two and a half minutes. I really appreciate this intervention. I know Ms. Hearn...but I'll go to Ms. Bednar because she had her hand up, if that's okay.

**The Chair:** Your time is almost up, so we need a very brief answer, Ms. Bednar.

**Ms. Vass Bednar:** Of course. We're keeping our eyes on the time as well.

This is why we're so excited about the potential to more comprehensively review the Competition Act. Again, there are pro-competitive policies that can take place outside of the act. Earlier this week you heard from one of our colleagues, Robin Shaban. The Vivic report puts forward a different approach to looking at data-driven behaviours and then testing them against the act, so Canada again has an opportunity to reform and refresh how we consider

these behaviours independent of or concurrent with their effects on the market.

Denise, sneak in here if you have anything to round this out.

**Ms. Denise Hearn:** I think this goes beyond the act. It needs to be a true all-of-government approach in which individual agencies that are sector-specific also need to take this seriously, along with having provincial remedies.

Thank you.

[Translation]

**The Chair:** Thank you very much.

I give the floor to Mr. Généreux for five minutes.

**Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC):** Thank you Mr. Chair.

Thank you to all the witnesses.

My questions are for Ms. Bednar, Ms. Hearn and Mr. Larouche. I will give them almost my entire five minutes because I find their comments very interesting.

Ms. Bednar and Ms. Hearn, I would like to know your definition of a “gatekeeper”. That word is used a lot right now by someone I know well in my political party, and I want to be sure I understand it correctly. You spoke about gatekeepers in the private sector and in the federal government. What is the difference between the two, if you see a difference?

Mr. Larouche, based on what we are hearing today, it is as though the federal government has become such a large ship that it is now unable to turn on a dime, or even a \$10 bill. It takes too much time to adapt to technology that would provide adequate services to people.

I give the floor to you, Ms. Bednar and Ms. Hearn.

[English]

**Ms. Denise Hearn:** When we talk about gatekeeping, what we mean is that there is a company or a set of companies that may be operating as an oligopoly and that has a dominant position in the market. They're able to exercise that dominant market power to the detriment of other stakeholders, whether that be consumers, workers or third party suppliers and small businesses.

It's not a bad thing to be big. It's not a bad thing to be a large firm. What we are saying is problematic is when you have these very large firms that then take advantage of their market position and impose terms, conditions, contract terms, tolls, etc., on markets such that, again, they're sort of acting as these de facto private regulators on markets, whether that be charging high commission fees, like the Apple and Google app stores—in the U.S. there was a big movement for the app developers to lower the commission fees—or whether that be restricting things like the right to repair at third party repair shops. All of these are different ways that terms and conditions are radically being affected because of the dominant power of the gatekeepers.

• (1420)

**Mr. Bernard Généreux:** Nobody is obligated to deal with those people or those businesses. It's a choice, no?

**Ms. Denise Hearn:** I think the definition of a monopolist or someone who has market power is that you as a consumer don't have any choice. To give one example, a personal example, recently Venmo, which is a product I use as a consumer, said that they were changing their contract terms in their user agreement with consumers. They said that they were instituting mandatory arbitration clauses so that you couldn't join a class action lawsuit if you had an issue with them. The only way you could opt out of that is to mail them a written letter within 30 days. They also said that it wouldn't have any effect on future agreements they do and, if they decided to change those terms in the future, the only way you could opt out is to stop using the platform altogether.

These kinds of “choices” are not true choices. They are power asymmetries in markets. Increasingly, consumers, workers and small businesses don't have the option to go elsewhere because markets have concentrated to such a degree across different industries.

[*Translation*]

**Mr. Bernard Généreux:** Mr. Larouche, you have worked in the United States and the European Union. In your opinion, what is Canada's position in terms of all these gatekeepers and the difficulty for SMEs of doing business and obtaining government services more quickly?

**Dr. Pierre Larouche:** To add to what my colleagues have said, I would like to add that there are now concrete definitions of the term “gatekeeper” in Europe and the United States. Those definitions always refer to the size of a company based on its sales figures, the number of businesses and individuals it has as clients, the fact that it is the only channel of communication, and the sustainability of its position. There is therefore a convergence on the definition of this term, which would therefore apply to some ten platforms in the world, including the much-talked-about GAFAM, which everyone knows.

Where is Canada in all this? Many of my colleagues say that it is in our interest to watch the show, let the Americans and Europeans do the work and then ask for the same thing. That is one option. That said, Canada has some particularities. For example, Canada has more small businesses. In some regions of the country, small businesses are critical to the economy.

It would therefore be a good idea for us to take the situation in hand ourselves, instead of simply waiting to see what happens elsewhere. That said, we could draw considerable inspiration from that.

**Mr. Bernard Généreux:** In that case, what is your opinion of Bill C-11 concerning the regulation of the Internet and such?

**Dr. Pierre Larouche:** I am not aware of all the details, but I am familiar with the bill. It addresses the issue of Canadian content, which is also a particularity of Canadian broadcasting policy. The only question is whether the measures proposed in the bill will truly help increase Canadian content.

I examined the issue a long time ago in the media sector. The same thing is being done in Europe. In the context of new plat-

forms, it is hard to force businesses to create Canadian content. Often, there is almost a need to set out subsidy mechanisms or spending obligations to ensure that content is created. As well, there is no guarantee that people will look at that content.

In my opinion, the bill includes good ideas, but it will not have the same policy effectiveness as we saw in the old world of radio and television broadcasting.

**The Chair:** Thank you, Mr. Généreux and Mr. Larouche.

I will now give the floor to Mr. Erskine-Smith for five minutes.

[*English*]

**Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.):** Thanks, Chair.

I want to start with Ms. Bednar and Ms. Hearn.

I'm glad you referenced the “Amazon's Toll Road” report. It's not a problem unique to digital giants. Obviously, it's particularly acute in that circumstance, but you also referenced the grocery store suppliers. We obviously have an oligopoly in that sector here in Canada, so suppliers have been squeezed. We've seen SMEs continually come to the government with concerns about credit card transaction fees. Again, we have a small number of players in that system who are able to squeeze small businesses as a result.

What's the solution here? Is it about caps on fees? Is it something more systemic? What should we be looking at from the perspective of fixing the problem in front of us?

• (1425)

**Ms. Vass Bednar:** A lot of this echoes, again, what you saw and heard from that Vivic report and maybe some of what Robin touched on. Looking at the behaviours themselves, when we think about the activity of self-preferencing, that can harm competition because in that ecosystem, in that marketplace, even if a product has a better price and is arguably of better quality, it will constantly be demoted in search, in favour of a platform—again, the person owning or operating that—in favour of their products.

When the consumer doesn't even know that this is happening, we can start to think about how to interpret that behaviour. Is it deceptive marketing? Do we have to label when self-preferencing is occurring? Do consumers deserve the ability to opt out? Then, what does it mean? Again, what are the implications for those third party sellers? Because you're absolutely right. It's not just giants like Amazon. The behaviour itself is becoming ubiquitous. We see it at The Bay. It's an online marketplace open to third party sellers that also has private label products that are consistently self-preferenced over others there, and not just—

**Mr. Nathaniel Erskine-Smith:** Self-preferencing is a problem. The ability to impose and increase fees is a separate problem.

**Ms. Vass Bednar:** Right.



**Mr. Nathaniel Erskine-Smith:** It strikes me that there might be two different answers to those two different problems.

On the ability for Amazon to increase fees, my colleague, Mr. Généreux, would say, as he just said, can sellers not go elsewhere? It's not so easy given the concentration of the market and where the consumers happen to be.

The intuitive response.... I think the "Amazon's Toll Road" report suggests one solution would be to cap fees. The other solution is a more systemic one, which is breaking up Amazon, which doesn't strike me as something a Canadian regulator can put on the table.

Is there anything useful for us to look at as far as solutions go with respect to the imposition of fees on suppliers in the case of a monopoly or oligopoly?

**Ms. Vass Bednar:** Again, until—and Denise, feel free to jump in—we bring a case forward in Canada, we can't refer to Canadian case law in competition. Currently, Canadian competition law may view this as an abuse of dominance. We might be able to enforce the act as it exists, but we haven't seen a case brought forward on this. That's where the limitation ends up falling.

**Mr. Nathaniel Erskine-Smith:** That's helpful. To look at the copycatting issue, which has been referenced as well, we had, many years ago now, at the international committee that had been looking at big data and privacy, Amazon before us. This came up, and they indicated they don't look at the sellers' data per se, but they can obviously get at the same data from the consumers' perspective. Is there not a concern when you have the large monopolistic player that has access to all of the data that is then able to compete?

There are different competing considerations. On the one hand, it does drive the price down, presumably, but on the other hand, it almost unquestionably hampers innovation. How do we square those two objectives?

**Ms. Vass Bednar:** I think that's where we start getting at the intersections between competition law and privacy and data management. We see this happening in an analog context. I'm sorry to give an American example, but Target also essentially rips off successful brands, copycats them, puts them under their private label and forces those firms out of their ecosystem and ends their contracts with them. That is copycatting in an analog space.

We can look at sector-specific regulations. We can take that consumer protection approach, which again demands us to be more holistic or integrated when we're thinking about how we modernize our approach to competition in Canada, with the act, of course, at the foundation of that, but also moving beyond it. Also, what are the tools that we have at our disposal? At the core of copycatting is also an intellectual property consideration.

I'll round out that too-long answer by saying that the bargain that third party merchants are forced to kind of tick off in those terms and conditions may not even be explicit. The price of their competing in that marketplace is making them vulnerable to being ripped off and kicked out of that marketplace, because it's not just being replicated. Knock-offs have been part of history and commerce for all time. It's that additional discipline of being price disciplined and priced out or actually just saying, "You can't participate in this market."

We bring this up in particular because it's been a small-p policy in government. We've encouraged firms to go digital. That's been fantastic for e-commerce—and the pandemic has accelerated that—but if we don't look very carefully at these terms of competition for what it means to compete online, we do all of our small and medium-sized enterprises in Canada a huge disservice and maybe sort of make it deceptive, too, in the long run.

• (1430)

**The Chair:** Thank you very much, Ms. Bednar.

We'll move to Mr. Williams for five minutes.

**Mr. Ryan Williams (Bay of Quinte, CPC):** Thank you very much.

Thank you to all the witnesses. So far, this has been an incredible discussion.

I'm going to start, if I may, with Ms. van den Berg. When we look at restaurants right now in this industry—and we had a lot of emergency benefits during the pandemic—we're not seeing workers returning to the industry. I'm in the hotel business, so I see the exact same thing. Are these workers leaving the workforce or are they finding new careers outside the food service industry?

**Ms. Lauren van den Berg:** Thank you for the question. It's a great one. It's one that we've been grappling with for the last six months, frankly.

I think, to be perfectly candid, that a great majority of them have been lost to other sectors that can offer the job security that we can't. It has been proven over the course of this pandemic that we can't. The provisions that stood us in good standing prepandemic are no longer as steadfast as they once were. That's concerning when you have rent to pay and groceries and hydro due.

In addition to that, I think there are the demographic challenges of Canada as a country. That's why so many of our members have no choice but to rely on the TFW program for both short-term and long-term survival.

**Mr. Ryan Williams:** There are some companies like Freshii, which this week is the one that added computer screens and has employed people in I think Guatemala to actually run their front counter. Do we see that being the result of this labour shortage in this industry in the long term?

**Ms. Lauren van den Berg:** I don't have a crystal ball. If I did, I'd probably have a more comfortable desk chair, but I think what we can expect is that a lot of companies are going to have no choice if they want to stay open. If they want to keep the lights on now that they can keep the doors open, how do they staff up?

That shift to more tech-friendly automated solutions is a direction that some brands are going to choose to explore. I don't know how long term or permanent any of those will be. Frankly, I think we've all seen the movies where the robot servers get too much power, but arguably, innovation has always been at the heart of our sector: innovation in food, innovation in service, innovation in hospitality and, now, innovation in technology.

**Mr. Ryan Williams:** Thank you.

Mr. Kurland, you talked about the reluctance of the IRCC to give up power and control of processing times. We've heard of programs like the top talent one, and one of the recommendations by the CCI is an increased turnaround time of 48 hours.

What specific recommendation on that power would you have for the IRCC or for our government to look at in changing that in a longer-term or a shorter-term time frame?

**Mr. Richard Kurland:** In a shorter time frame, it is possible to cookie-cut successful temporary status programs that have been rolled out in our overseas operations. For example, there are streams of "preferred" students attending educational institutions in Canada that are gold class. When we know the perspective employee, and when we know the Canadian employer, enforcement, which is at core the issue here for program integrity, is simplified.

Looking at the big picture, something that we can do right now is systematically, industry by industry, and, if necessary, employer by employer, pre-approve, check them out and vet them. That way it's a question of identity, background check security, criminality check and medical check, which can be done in advance in most cases. A 48-hour standard is in play at our ports of entry in this country, if you don't need a visa to come to Canada. We can review, country by country, which countries still require visas. We do that all the time.

There's no fast turnkey solution. It requires careful... It requires a lot of stamina. Check every box possible to deliver exactly what you're proposing, which is a dream state.

• (1435)

**Mr. Ryan Williams:** Thank you very much. If you or any of our witnesses have anything else to add, please submit it in writing and we can add it to the report.

Ms. Hearn, I don't have a lot of time. I'm just going to ask you some questions. If you don't have enough time, please submit the answers in writing.

How is the lack of skilled labour going to impact Canada's competitiveness? That's a big one right now. We're almost a million workers short.

Second, does Canada need an innovation strategy?

Third, is the labour shortage impacting social enterprises? You write a lot about philanthropy and impact investing. Are we seeing labour shortages impact those industries? If so, what are the long-term ramifications of that for Canada and its social enterprise capacity?

**The Chair:** Mr. Williams, although those are great questions, it would take some time to answer. We're out of time. Perhaps the witness can submit a response in writing.

**Mr. Ryan Williams:** Yes, if you could submit that in writing, thank you so very much.

**The Chair:** Thank you.

We'll now move to Mr. Gaheer for five minutes.

**Mr. Iqwinder Gaheer (Mississauga—Malton, Lib.):** Thank you, Chair.

Thank you to the witnesses for making time for this committee. It's been very informative so far.

My questions are primarily for Ms. Bednar and Ms. Hearn.

Ms. Bednar, you mentioned that Amazon is an internal competitor. What comes to mind when you say that is something like AmazonBasics, where they have their own product line developed under that name. What also comes to mind is "Amazon's Choice", which is how they highlight certain products that do well or sell well. I often see that the "Amazon's Choice" is an AmazonBasics product.

Could you comment on that? What other ways are there in which Amazon is an internal competitor?

**Ms. Vass Bednar:** Sure, with AmazonBasics, it competes directly against third party products that are in its marketplace. Kudos to when something is labelled AmazonBasics. In other instances, where we see that kind of copycatting and replication, sometimes there's an overlay where there's a private label or it's a different company name, so it looks very distinct.

In terms of other examples, it's easy to talk about how Amazon uses data and information perhaps even across some of its platforms. There are subscriptions, recurring fees and revenues that locks in people, for example, Amazon Prime. Amazon's collecting information from us when it's considering what to commission or invest in for television or video, because it also knows from Kindle what books people are pre-ordering, how fast they're reading them and what they're highlighting. It owns Goodreads, so it knows what people are talking about when it comes to books. It owns IMDb, so it knows who the popular directors, actors and actresses are.

This allows it, in a broader kind of cultural context, arguably, to de-risk the decisions it's making and move toward a Spice Girls model, which is "tell me what you want, what you really, really want", and changes how we create artistic value and who gets an opportunity. I know this government cares a lot about Canadian content creation and supporting artists. Amazon's certainly a factor there, as well.

I fear I've skewed a bit from AmazonBasics in my answer, but it's a fascinating firm to study in terms of behaviours, because it's setting a norm. Other companies are replicating how they compete, because that firm is changing the terms of digital competition, which is why we need to look at it.

**Dr. Pierre Larouche:** I want to add the fact, if I may, that what is now directing a lot of attention to Amazon is the so-called box that you see on the upper-left corner with the recommendation. There are also allegations and some evidence that merchants have to do fulfillment by Amazon to come up high in the rankings in the box. Amazon extends and leverages its power on the platform to get some extra commitment from the merchants. Namely, the price to pay to be high up in the box that gives you the first choice in the click box, as it is called, is that the fulfillment will be done by Amazon.

**Mr. Iqwinder Gaheer:** Thank you so much.

My next question is open to Ms. Bednar or Ms. Hearn.

We know that Amazon is doing this. What about the alternatives? Wayfair comes to mind, as well as Home Depot and Home Hardware. Are the alternative online retailers doing the same thing?

• (1440)

**Ms. Vass Bednar:** In terms of replication, they may be. Again, this is why it's useful to think about the behaviour itself and the implications for businesses and consumers.

It's unique in Canada. Earlier, one of your colleagues was asking about contextualizing Canada in that international context. Something we do that's kind of special, in the Canadian way, is that we've decoupled the Competition Act and competition federally from consumer protection considerations provincially. Australia blurs these together.

When we remove that consumer lens from competition issues, it makes it a bit harder for us to talk about some of these issues, because you're right. Are other platforms doing this? Yes, but it's harder to know. It takes a lot of homework and research.

Small businesses might feel it, and they do. The work that Denise has been doing in the U.S. has illuminated that, often, these small, independent businesses are afraid to speak out and to talk not just about the experience of being potentially copycatted but about all of those other coercive contract terms that we mentioned in that laundry list in our opening remarks, because of the ramifications to their businesses.

I don't know, Denise, if you wanted to follow up there.

**Ms. Denise Hearn:** I was going to make a broader point about data, which has come up as well. It's important to consider that for Amazon, Google, Facebook and many of the technology platforms, the reason this business model of hoovering up as much data as possible is the basis of what's been called "surveillance capitalism" in how they make their money. More so, too, there is now this vertical integration between the data and the compute power that they are amassing with the hardware.

Facebook has built one of the largest supercomputers in the world, so the scale of the data that these companies have is something that will have many ramifications on the shape of markets in

the future. That is a really important question for regulators to be actively thinking about and considering.

**Mr. Iqwinder Gaheer:** Thank you so much.

[Translation]

**The Chair:** Thank you Mr. Gaheer.

Mr. Lemire, you now have the floor for two minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

Professor Larouche, you said earlier that our laws were not well suited to SMEs. I get the impression that our economy, in Quebec, is based on SMEs and that that is what sets us apart from the Canadian economy, which relies more on large companies.

During a crisis, when the government needs to support the economy, it obviously turns to aid programs to save the auto industry, in southern Ontario, or the oil industry, in Alberta. I get the impression that the regulatory frameworks are poorly suited to the reality of SMEs.

Would it be beneficial to the Quebec economy for laws and regulations to give more support to SMEs than to large companies?

**Dr. Pierre Larouche:** Let's just say that the laws are poorly suited to SMEs because Canada's Competition Act places a lot of emphasis on defence. It is very easy for defending companies to be successful.

There has been a lot of discussion of the dependency of SMEs on platforms. However, at this time, Canadian law lacks teeth. It does not really make it possible to do anything. This is an aspect that must be considered in the reform of the Competition Act. Again, it is in our interest to draw inspiration from what is being done in Europe and the United States.

In passing, I would like to apologize to Mr. Généreux. I did not answer his question correctly. Bill C-18 is indeed a good bill in general.

To come back to your question about SMEs, I would say that there needs to be the courage to do things but in a different way. In its current form, the Competition Act is based on the fact that Parliament always tries to resolve specific problems. Other countries have an approach that gives greater flexibility to the competition authorities.

Competition authorities deal with the matter 24 hours per day. They are experts. If we want the interests of small businesses to be considered, the appropriate authorities simply need to be told that it is important and they will consider it. That is how things work elsewhere in the world.

That is what I would like to see in a new version of the Competition Act. I would like the Competition Bureau to have free rein and be able to handle problems. They would simply need to be told what the problems are, without having to rely on provisions of the act to resolve them.

• (1445)

**Mr. Sébastien Lemire:** In your opinion, there is therefore an urgent need to reform the Competition Act, which differs from what is done in terms of legislation around the world. As well, the government is behind schedule in its review.

Have I understood correctly?

**Dr. Pierre Larouche:** Yes, that is right.

**Mr. Sébastien Lemire:** Thank you.

**The Chair:** Thank you very much, Professor Larouche and Mr. Lemire.

Mr. Masse, you have the floor for two and a half minutes.

[*English*]

**Mr. Brian Masse:** I'll be really quick

Ms. Bednar, Dr. Larouche and Ms. Hearn, can you answer quickly? The other witnesses have been awesome. This has been a really important thing.

With Internet service providers and those that use the fibre optics public right of way and the ISPs' spectrum auction, this is a public asset. I pushed for a digital bill of rights, which is also responsive. When we're actually doing the public policy for ISPs and those that want to use the public right of way, should we be thinking backwards perhaps and building in some safeguards for consumer protection even when we auction this stuff off?

We can actually set the rules since it's a public asset. I'm wondering whether you know if that's been considered anywhere else. I would love to know that because we're always reactionary.

**Ms. Vass Bednar:** It would be smart to do that, of course. The example of Internet in Canada is just like owning and operating a platform, because telecommunications compete both in terms of the infrastructure and also the layer on top.

I'm not being articulate there. I'll turn to my colleagues for other comments.

**Dr. Pierre Larouche:** If I may step in on this issue, it's a slightly different problem. Here, we actually created our own problem, in the sense that Canada followed the U.S. in being very liberal on the firms and telling them essentially that as long as they invested in their network, they'd be free from a lot of intrusive regulation.

Europe chose the other way. The evidence is kind of in at the moment. The European choice did not significantly deprive them of infrastructure investment. There's an argument to be made that we could be a little bit harder on our telecom firms in Canada and try a bit more to stimulate competition without fearing that we will lose out on network investment. The empirical evidence doesn't bear it out.

**Ms. Denise Hearn:** I would also add that Canadians have consistently paid some of the highest rates in the world for telecommunication services. There was a lot of discussion about this earlier this year with some of the wholesale providers trying to negotiate fairer rates. The decisions that were made in that case were, I think, very unfortunate for Canadian innovation and for Canadian consumers going forward.

[*Translation*]

**The Chair:** Thank you very much. Your time is up.

Mrs. Gray, you now have the floor for five minutes.

[*English*]

**Mrs. Tracy Gray:** Thank you, Mr. Chair.

I'd like to go first to Mr. Kurland.

I wanted to ask you about the streamlining of skilled workers and their international accreditation recognition. We know there are a lot of skilled workers who either want to come to Canada or are here in Canada and want to work in their field.

Is this something that everyone within your field agrees needs to be done where there's a way of streamlining those processes? What are those barriers? What are the delays that you're hearing and seeing?

**Mr. Richard Kurland:** Barriers are local, like politics. It is possible, based on particular occupations, to have a skill set that is regulated in the home country of the applicant that will be accepted in Canada. Some things require local expertise. Most things do not, such as carpentry, electricians and health care professionals.

What Canada is doing well is eliminating the interprovincial problems for accreditation, and then we upgrade to eliminating the international barriers. We're on that road. It is being done. What we need are like-minded countries—like New Zealand and Australia, to name two—to allow for a labour pool in those countries that will have access to employment in all those countries with less red tape.

In terms of processing times, it's the same old problem. We just have to nail it down and have advance accreditation.

• (1450)

**Mrs. Tracy Gray:** Thank you very much.

One other question just quickly here is with respect to international students. We hear that we have a lot here taking post-secondary education and either their work visas are restrictive or they expire. Then also with International Experience Canada work visas, they're expiring and the people are here.

Based on your experience, is that an area where, again, there could be some streamlining and maybe some extensions to help with this labour crisis we're having in Canada?

**Mr. Richard Kurland:** A COVID lesson is that we can do this. We had a minister who made the executive decision to engage mass extensions of status sent by email to particular individuals. That's the way to do it.

Why not do it? It's enforcement, the danger of someone committing a bad act in Canada and the political responsibility that goes with it. I think you're absolutely right. It is a lesson learned, and we should be going down that path of mass extensions electronically delivered, particularly now and particularly for students.

One fast point is that it's the foreign student who is the mortgage helper for families across this land. It's the foreign student who contributes to the local economies, these small and medium-sized businesses, and works in places like restaurants. They are our future pool of human capital. We have to take better care of them.

**Mrs. Tracy Gray:** Thank you.

I want to go back to Restaurants Canada. I want to ask about the CDAP, the Canada digital adoption program, which has to do with having small businesses upgrade their digital services.

For Restaurants Canada, can you comment? Is this something you're hearing from your members? Is this something that's useful? Are there a lot of people utilizing this? It's a massive program. It's \$4 billion. I'm just wondering if you're getting feedback from your restaurants that they're utilizing this or if there are any issues you're hearing about it.

**Ms. Lauren van den Berg:** The truth is that it's almost irrelevant to our sector, to our members. We don't have the bandwidth or the capacity to even investigate the program and its potential utilities. Any restaurateur, frankly, who has survived to this point is already online. They know how to use the Internet. They have mobile apps. They have been working with third party deliveries, which often come at the cost of an arm and half a leg. They've lasted here because they've been able to pivot and innovate when it comes to investing in technologies. This program hasn't really been something that has been most relevant for the food service sector.

There are probably other smaller businesses, the really small up-and-coming ones that maybe were going to start opening up in March 2020 and didn't have an online presence. Maybe it would be better suited for them. The reality is that most restaurant operators already knew their way around the Internet.

**The Chair:** Thank you very much, Mrs. Gray. That's all the time we had.

We'll go to Mr. Fillmore for our last round of questions.

You have five minutes.

**Mr. Andy Fillmore (Halifax, Lib.):** Thank you, Chair.

Thanks to all the witnesses today. I very much appreciate the testimony and time.

I have been having a great time with this document. Thank you for this. This is the CCI's talent and skills strategy. I hope that my fellow committee members will dive into it like I did. I really fell into it. I needed some popcorn to go with this. Thank you for this important work.

I think the big aha moment for me in it was this notion that talent creation instead of job creation is the watchword as we try to build and grow our innovation economy here in Canada. That was one of those moments when you change your thinking, so thank you for changing my thinking on this. I appreciate that very much.

You acknowledge in it that government can't solve all the problems. For example, it's really clear that Canadian companies need to pay competitive wages to make things better, but we can do some things. The onus is on us to do some of the things you've suggested, I think.

I note this notion of piloting a high-tech visa, and that's fascinating. I note this idea about recognizing foreign credentials at a better clip. That's fascinating. It involves work with all kinds of different organizations, the colleges of physicians and surgeons, and others, to make that work better. More co-op placements are really good.

The thing I want to land on, and the questions are for Ms. Bednar and Ms. Hearn, is around the digital nomad strategy.

I want to get to you, but to paint the picture for my colleagues, I have a friend who is a start-up founder. She lives with her laptop in the U.K. She goes to Spain, travels with her laptop and does all kinds of things. About a month ago she got back to the U.K. to continue working in her Airbnb to start her company, but she was stopped by England's border services' saying, "What are you doing working here? You don't have a visa. We don't know that you're going to leave." Canada's not alone in having an outmoded immigration system that doesn't allow for digital nomads.

I wonder if you could talk to us a little bit about what a digital nomad strategy would be in Canada.

● (1455)

**Ms. Vass Bednar:** I note that Dana O'Born, the vice-president of strategy and advocacy for CCI, wasn't able to connect tech-wise, but she'll be back to this committee. I don't want to speak for her or them, but I would very quickly say that both Denise and I support policies that help support worker mobility.

We've seen, provincially, the recent banning of non-competes in Ontario. This would be a pro-competitive policy if Canada were able to continue to demonstrate more leadership on this creativity. We heard about creativity and innovation earlier from Richard. Absolutely, this is an example of a pro-competitive policy intervention that is helping and is good for Canada, and again, falls outside of the Competition Act.

This is why, once again, we point to that opportunity and need for an all-of-government approach that takes the pressure off one ministry and shares it across orders of government and across government to keep that competition lens front and centre no matter what.

**Mr. Andy Fillmore:** Okay.

Do you have anything to add, Ms. Hearn?

**Ms. Denise Hearn:** I'm not an immigration expert, but the only thing I would add is that we've seen some promising starts with the province recognizing Red Seal trades and allowing for greater mobility across the country. We think that these are really promising in terms of expanding the ability of workers to move, as Vass has mentioned. We think there's an increased opportunity to look at other trades this way and to perhaps limit the difficulty of occupational licensing, especially provincially.

That's all that I would add. Thank you.

**Mr. Andy Fillmore:** All right. I will switch, then, to your area of expertise.

You called them “gatekeepers”, and you have your own definition, which I appreciate is very different from another current one.

We have increasingly very large companies with monopolies, as you discussed, that are making historic profits and are more and more wiping out smaller competitors, smaller companies. What would you like to tell this committee about what government can do to help that situation?

**Ms. Denise Hearn:** I am Canadian by birth, so that's why I'm so thrilled to be able to add my voice to this conversation in Canada.

What we've seen in the U.S., where I'm currently based, is Biden's recent executive order in July of last year that really took this all-of-government approach. He tasked different agencies—the Department of Defense, Health and Human Services, the Department of Agriculture and others—to really take a critical look at how anti-competitive behaviour was affecting their industry and to report back on that. Many of them did report back, yet the DOD said that this is actually a national security issue when you have many instances of single-source providers [*Technical difficulty—Editor*] and on and on it goes. Treasury came back with how this was affecting labour.

I think this isn't something that should be limited to the Competition Bureau. This needs to be something that Canada sees as fundamental to its future prospects of innovation. Canada continues to be

ranked very low by the Conference Board of Canada in terms of our innovation prospects. We've had declining growth rates and entrepreneurship rates for a long time, and the OECD says one of the primary reasons is that we have an above-average use of antitrust exemptions that favour incumbents. This isn't something that is just a matter of supporting Main Street. It's a matter of Canada's future economic prospects, so it needs to be taken seriously across the whole of government.

That would be the thing that we'd like to leave everyone with today.

• (1500)

**Mr. Andy Fillmore:** Okay. Thank you for that.

I have just a five-second question for Vass.

Vass, can you share the name of the artist of the work behind you? It's absolutely fascinating.

**Ms. Vass Bednar:** It's Jack Bishop, and he's a Canadian from out east.

**Mr. Andy Fillmore:** Thank you.

**The Chair:** Thank you so much. I was hoping for a real five-second question and a real five-second answer.

Thank you, Ms. Bednar and Mr. Fillmore.

[*Translation*]

I want to thank everyone who took part in the meeting this afternoon. It was very interesting. On behalf of all the members of the committee, I want to thank you for taking the time to share your knowledge with us.

I also want to thank the honourable members, the clerk, the analysts, the interpreters and the technical support staff. I wish you all a very good weekend.

The meeting is adjourned.









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