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Chair: Mr. Joël Lightbound





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Monday, September 26, 2022

• (1100)

[*Translation*]

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

I call this meeting to order.

Welcome to meeting number 34 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 small and medium-sized enterprises and, more broadly, competitiveness.

Today's meeting is taking place in a hybrid format, pursuant to the House order of Thursday, June 23, 2022. For members in the room, I can see you if you wish to speak. For members participating in the meeting remotely, please use the “raise hand” function in the Zoom application.

[*English*]

For this very last meeting on our study on competitiveness in the context of small and medium-sized businesses, we're honoured and delighted to have John Pecman, who is a consultant, with us as an individual. Mr. Pecman, thanks for being here.

From the Canadian Intellectual Property Office, we have Konstantinos Georgaras, chief executive officer. Thank you for being here. We also have Iyana Goyette, deputy director of policy and legislation, and Mesmin Pierre, director general of the trademarks and industrial designs branch.

[*Translation*]

Also joining us is Yves Blanchet, research analyst, from the Institute for Research on Public Policy. He is participating in the meeting in person.

Thank you for being here, Mr. Blanchet.

[*English*]

From the Macdonald-Laurier Institute, we have Aaron Wudrick, director of the domestic policy program.

Thank you all for joining us today for the last meeting on this study.

We will now begin with opening remarks from Mr. Pecman for five minutes. The floor is yours, Mr. Pecman.

**Mr. John Pecman (Consultant, As an Individual):** Thank you very much for the invitation to appear here today.

Before I begin, I think it's important to say that I'm here speaking in my personal capacity. My comments are my own and do not necessarily reflect the views of Fasken or its clients, where I currently serve as a senior business adviser, nor the Canadian Chamber of Commerce, where I was recently appointed a fellow to write an independent report on the future of competition policy.

During my career at the Competition Bureau, I received 34 and a half years of extensive hands-on experience in enforcing and administering the Competition Act. It was a privilege to serve as the commissioner of competition for a five-year term. Since leaving the bureau, I have primarily been advising business clients on the functioning of the Competition Act and the Competition Bureau.

Many of the comments today in my opening statement have been sourced from an article I wrote while commissioner, entitled “Unleash Canada's Competition Watchdog: Improving the effectiveness and ensuring the independence of Canada's Competition Bureau”. It was published in September 2018. I like to believe that this article has helped inspire some of the new competition policy reformers in Canada. The thesis of my article was that the design and administration of competition policy are due for a facelift.

My understanding is that the current hearing is studying small and medium enterprises, or SMEs. A properly designed and implemented competition policy will enable this sector to more fully participate in the economy and stimulate economic growth, innovation and job creation.

Barriers, either from excessive regulation or from anti-competitive conduct in markets, harm competition and Canada's international competitiveness. The Competition Bureau, through its enforcement and advocacy remits under the Competition Act, protects and promotes a competitive and innovative marketplace and, by extension, all SMEs in Canada. A strong competition law can protect SMEs by deterring dominant companies from adopting abusive or other anti-competitive practices. SMEs also benefit from the low cost of inputs that occur in a healthy competitive economy.

This June, the government implemented amendments to the Competition Act to address concerns about market concentration, among others, while maintaining the fundamental principles underlying the act. Although not perfect, and done without consultation, these amendments provide a good start to the government's reform of competition policy.

The current commissioner of competition, Matthew Boswell, has highlighted the need for a competitive domestic economy to increase Canada's productivity and international competitiveness. I wholeheartedly agree with this proposition, and some of the key additional competition reforms that I am advocating for are as follows.

The first is the creation of an independent competitiveness council in Canada. It would advocate in favour of more competition and less regulation in markets to improve Canadian competitiveness, as recommended by the competition policy review panel in 2008.

Second is to safeguard the Competition Bureau resources and provide the bureau with a stronger voice to advocate competition by making it a truly independent law enforcement agency, similar to the Office of the Privacy Commissioner.

Third is to strengthen merger control by reforming the efficiencies exemption and by adding other pro-competitive factors to be considered in assessing the prevention or lessening of competition. These factors could include new economic activity in Canada generated from a merger, such as employment, investment, dynamic efficiencies, research and development, and exports from Canada.

Fourth is to limit further expansion of the abuse of dominance provisions at this time to test the effectiveness of recent amendments. We should continue to monitor legislation that is being proposed abroad and is aimed at dominant digital platforms in the EU, the U.S. and elsewhere. Many of these reforms introduce regulations to tame alleged market power, which may have unintended consequences, such as dampening innovation and investment in the digital sector. Digital technologies and markets evolve rapidly, requiring the Competition Bureau to make and take immediate remedial action to minimize competitive harm. I believe the bureau should be given new tools, such as streamlined injunction powers that would allow it to investigate and dispose of cases in a more expeditious manner within the existing legislative framework.

- (1105)

Lastly, sectoral market studies are the primary method the Competition Bureau advocates for governments and regulators to achieve greater competition. An example is identifying reforms to sectors with unnecessary restrictions on competition. There are currently no express powers in the Competition Act that allow the bureau to undertake market studies or that provide it with formal powers to compel production of information for these studies. However, as they can be burdensome to businesses, market study powers must be reserved for appropriate cases and incorporate procedural safeguards.

I look forward to taking your questions. Thank you very much.

[Translation]

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

I now give the floor to Mr. Georganas, from the Canadian Intellectual Property Office.

[English]

**Mr. Konstantinos Georganas (Chief Executive Officer (interim), Canadian Intellectual Property Office):** Thank you very much for the invitation to speak with you today about SMEs.

My name is Konstantinos Georganas. I am the interim chief executive officer of the Canadian Intellectual Property Office, a special operating agency of Innovation, Science and Economic Development Canada.

I understand that the committee is particularly interested in looking at trademark activities in Canada. I would be pleased to speak to that.

I'm also joined by the director general for the trademark and industrial designs branch, Mesmin Pierre, as well as Iyana Goyette, the policy director.

I would like to start by providing a brief overview of the clients and Canadians we serve, followed by the specific trends in trademarks and what we have done to improve services and respond to surging demand.

Overall, we receive over 112,000 applications for IP annually. Those are for patents, trademarks and industrial designs. In 2020, we received over 34,000 patent applications, almost 70,000 trademark applications and over 7,000 industrial design applications. That's the annual inflow.

Because IP lasts for several years—it's up to 20 years for patents, and trademarks are renewable indefinitely—there are over 800,000 IP rights in force in Canada. The impact is vast, and we are honoured to serve these companies and individuals.

For patents, this represents innovators who are bringing science, technology and research and development to the market to serve Canadians. For trademarks, this represents companies working to establish their brand, goodwill, product recognition and consumer confidence. IP rights provide the tools to help these creative entities get to the market with confidence. IP rights also help them monetize, collateralize, protect, trade and license their ideas.

I would like to note that this is very much an international space. Innovation is global and IP, likewise, is global. With that, over 70% of all of our IP applications come from outside of Canada, mostly from the U.S., Germany, China, the U.K. and France. Likewise, many Canadians file for IP outside of Canada, in the U.S., China, Europe and Mexico.

To better understand the our clients' challenges and opportunities, we had the opportunity to participate with Statistics Canada on the IP awareness and use survey that was released just last year. That survey interviewed 16,000 companies. I would like to highlight a couple of positive outcomes, as well as some challenges.

We found that 58% of companies were familiar with IP, and that 18% held at least one form of IP...

I'm sorry. Do we have a technology issue?

• (1110)

**The Chair:** We seem to have a bit of a challenge. The sound is okay, but the video is lacking. Maybe if you turn off your camera and try to....

**Mr. Konstantinos Georgaras:** Unfortunately, the camera is not working.

**The Chair:** We can still hear you. I suggest you continue, Mr. Georgaras.

**Mr. Konstantinos Georgaras:** Thank you.

As I was mentioning, this survey of 16,000 Canadian companies revealed that 58% of companies were familiar with IP, and 18% held at least one form of IP. Similar to other surveys, we confirmed that IP ownership is more present in high-growth firms and those that innovate and export.

What is particularly interesting about this survey is that we asked companies directly how their use of IP contributed to their business. Almost 60% of all firms recognized at least one contribution of IP. This included increased business value, increased revenue, expanded markets, increased business collaboration and increased employment. These are the companies themselves telling us that the use of IP has led to direct benefits.

We also asked what challenges companies had in terms of seeking IP. While 86% of respondents did not experience difficulties in filing, 14% did indicate some challenges, two in particular. One was with regard to complexity of the process and the other was with regard to the time to acquire IP rights. We're conducting a deeper dive into the survey results and developing approaches to address these two areas specifically, as we've been doing for a number of years.

With regard to complexity, seeking IP rights, of course, is a complex process, but we are using the results of this survey to identify differences across regions, technology areas and with respect to under-represented groups. We're using this to help target our IP awareness programs that provide information to help people understand and use IP. We work in close collaboration with many partners across Canada.

Specifically with regard to the challenge of time to acquire IP, as the overall demand for IP and pace of innovation continues to rise,

the timely delivery of quality IP rights is critical for success. Specifically in the area of trademarks, a number of factors have converged to bolster this demand. First of all, there's been continuous growth for trademarks over the past decade. In 2012 there were approximately 50,000 trademark applications. I mentioned that in 2020 it was up to 70,000. In fact, during the pandemic that has increased even more. In the last fiscal year, we had 80,000 trademark applications. That represents about a 60% growth in the last decade.

Another very important factor here is that Canada joined an international treaty for trademarks called the Madrid protocol, which allows companies to file in many countries simultaneously. This has led to a robust international demand. In fact, in 2020, which was the first full year Canada was a member of this international treaty, the Madrid protocol, fully 27% of our applications came through that treaty. Canada ranked fourth in the world for Madrid applications.

In terms of surging demand, we know that trademarks historically have been linked to GDP, but we found that during the pandemic, when we early on expected that there would be a reduction in trademark applications, we in fact witnessed a difference and a delinking of that trend over time. Applications remained resilient in Canada despite the economic slowdown early on in the pandemic.

The final point that is leading to a surge in demand is the change in the composition of applications. This was highlighted during the pandemic. We have done work with the World Intellectual Property Organization, the United Nations body responsible for IP. We released a report a few weeks ago that tried to identify why IP continued to surge during the pandemic. What it found was that such areas as online retail, cloud computing and consumer electronics surged. That speaks to how the economy adjusted during the pandemic. Likewise, there was a noticeable increase in pharmaceuticals and medical supplies. That demand spiked very early on in the pandemic.

• (1115)

What that has led to in Canada is that for the first time in recent memory, we are facing a growing inventory and turnaround time for our trademarks.

In response, we have engaged with many IP experts in the community, both domestically and internationally, on a way forward, and in early 2021 we launched a recovery plan aimed at reducing backlogs and turnaround times in trademark examination. Our plan consisted of a series of measures to improve timelines, including increasing capacity and adopting new technologies, and we launched a new service in April of this year consisting of automated pre-assessment of trademark applications.

With that, just over the last few months, we've noticed a considerable change in our ability to tackle the backlog. If we had not taken action last year, our backlog would have surpassed 187,000 applications, but what we found with our work was that our backlog peaked at 160,000 in July and last month there was a decrease, so we're on a good path currently. We have a long way to go in terms of addressing our backlog and getting back to pre-surge timelines and inventory.

I'll stop there, Chair. Thank you.

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

In the next couple of minutes IT will reach out to you to try to fix the issue of the camera, so bear with us.

[*Translation*]

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

**Dr. Yves Blanchet (Research Analyst, Institute for Research on Public Policy):** Thank you, Mr. Chair, and good morning. Thank you for the invitation.

I am here to talk about a public policy device that has existed in Quebec for a number of years and that I have been researching. It is called mutual training organizations. Mutual training organizations are used to support small and medium-sized businesses in the development of their employees' skills and to address the labour shortage. I published my research with the help of the Institute for Public Policy Research, which is represented here.

As you know, the labour shortage is affecting every industry in Canada. It is across Canada, affecting every business, regardless of size, and it is going to be with us for a long time, given the current demographic context.

Workforce training is one way to support businesses and address this labour shortage because it not only helps attract labour to small and medium-sized businesses, but also helps retain it. It also helps make these small and medium-sized businesses more efficient and more productive. So businesses can produce more, and do so with fewer employees in some cases. That is what usually happens when those skills are developed. Studies have shown that for years.

However, there is a big downside for small and medium-sized businesses. Relatively speaking, they invest much less in training than large companies because they don't have the revenue, knowledge or staff to develop training in their workplace. This is why it is important to have mechanisms to support them, such as the training mutuals that exist in Quebec. This is why they were set up.

In Quebec, by virtue of a law passed in the 1990s, a number of institutions have contributed to the establishment of an entire institutional system of workforce training. So that system has been in

place in Quebec for 25 years. Institutions are contributing in several sectors of activity to promote workforce and skills development and, now, to address the labour shortage.

This system includes training mutuals, which were created in the 2000s and have been enshrined in Quebec legislation since 2008. Therefore, they are a permanent feature. Their objective is to identify and address the workforce challenges faced by SMEs. Currently, in 2022, businesses are facing skills deficits and a labour shortage. With the pandemic we have experienced and the current demographics, these issues will continue.

In a nutshell, here is how training mutuals work. First, there has to be interest among small and medium-sized businesses. Second, mutuals are generally broken down by economic sector. In other words, small and medium-sized businesses in a given sector of activity must first express their interest in a training mutual to Quebec departments and institutions, such as the ministère du Travail, de l'Emploi et de la Solidarité sociale—the Quebec department of labour, employment and social solidarity. If their interest is sufficient, funding is provided to start a training mutual in their sector of activity.

A director is then hired for this new training mutual. That director is responsible for meeting with the leaders of the small and medium-sized businesses in the targeted industry to encourage their participation, to determine their training needs, and to find programs that already exist or create new ones to meet those needs. They must also mobilize industry resources, which may come from a variety of organizations, so that training can be delivered at the lowest possible cost.

The idea is to get companies to participate in training. The principle of mutual training organizations is to enable a number of small and medium-sized businesses to combine their resources to provide each other with training at a lower cost, to lower the costs of training through their collaboration.

• (1120)

That is the effect of a mutual, as seen in mutual insurance companies. Coming together lowers training costs, which are often the biggest barrier preventing small and medium-sized businesses from developing the skills of their staff.

Therefore, training mutuals are a parapublic intermediary between the small and medium-sized businesses that want training and the training programs that exist or that they want to develop. They promote access to training, especially for employees who are in great need of it, such as those with little education. This training helps them find a job or get promoted within their company. It is a way to promote integration into small and medium-sized businesses and job retention.

So mutuals pool the resources of small and medium-sized businesses—whether it is their knowledge, funding, material or organizational resources, or training rooms—to lower the costs of training. The goal is to persuade these companies to participate in training activities.

I carried out a study on the trajectory of four training mutuals in Quebec from 2008 to 2017 to find out how this was going. One was in the construction industry, one was in graphic communications, one was focused on the needs of attendants in senior residences, and one was addressing the needs of child care providers working with children aged five and under. From this study, I learned that it takes winning conditions for training mutuals to succeed. Not all of them achieve the long-term goal of becoming financially self-sufficient. Their success is tied to efficiency factors.

First, mutuals must identify training needs well because they cannot meet them all. They must target them well and focus on the most important or relevant ones.

Next, mutuals must clearly define what they are trying to achieve. This needs to be very well organized and thought out so that they can focus and avoid spreading themselves too thin by trying to do everything in one business area, which would be impossible.

In addition, they must avoid competition with other organizations. There are a variety of private sector or educational organizations that provide training in multiple industries. The idea is not to compete with them, but rather to work with them in a complementary way. That enables mutual training organizations to find their rightful place, as each has its place.

• (1125)

**The Chair:** Mr. Blanchet, I would ask that you wrap up, as we have gone over the time limit.

**Dr. Yves Blanchet:** Okay.

The success of mutuals depends on the willingness of employers and unions to get involved. The labour shortage and the needs will not go away. They are here to stay. So we need a strategy to develop national mutuals to meet the needs in this country. Each province could then look at how this model could complement what they have in place to meet their needs.

**The Chair:** Thank you, Mr. Blanchet. I am sure we will have an opportunity to come back to this when committee members ask you questions.

I give the floor to Mr. Wudrick, from the Macdonald-Laurier Institute, for five minutes.

**Mr. Aaron Wudrick (Director, Domestic Policy Program, Macdonald-Laurier Institute):** Thank you, Mr. Chair.

• (1130)

[*English*]

Good morning, and thank you very much to the committee for the invitation to appear on behalf of the Macdonald-Laurier Institute.

For those of you who aren't familiar with us, we're a public policy think tank based in Ottawa. I think we're the only full-service public policy think tank based in the nation's capital.

We were of course very pleased to see this committee seized with issues of such great economic importance. It's a very broad topic, so it's pick and choose what you want to talk about in your five minutes. I'm going to provide a bit of a perspective on SMEs for the committee to chew on that some might find a little bit unorthodox, but given that part of the study involves productivity, I think it's an important consideration.

We can probably start with the fact that this study focuses specifically on SMEs rather than businesses generally. We have to ask the question: Why is this? I think we all know the answer, and as practising politicians you will be acutely aware that small and medium-sized businesses carry a special and positive reputational weight in the world of politics. They are personal and they are local. The contrast between the relatable owner of a small business who lives in your community—and no doubt many of you know many of these individuals personally—and what we might call distant, faceless corporations could not be more stark. The latter half of this equation, I would suggest, is very problematic when shaping policy. If small and medium-sized businesses have a halo upon them, larger businesses bear the burden of being the villains in this theatre.

This leads, unfortunately, to policies that can tilt the playing field toward the little guy against the big guy. Now, why is this a problem? I would suggest it's a problem because most of the evidence suggests that if we're actually concerned about things like productivity, higher wages, equal gender opportunity or even unionization rates, the reality is larger businesses severely outperform smaller businesses by a considerable margin.

Just to take one example, wages, there was a recent study that shows that large firms, which are defined as firms with more than 500 employees, tend to pay workers on average 44% more than small firms. Productivity, of course, is another issue of importance to this study. In many industries larger businesses can leverage scale, research and development, network effects and better global competition by virtue of their size. That is to say, there are some significant advantages to larger businesses that small and medium-sized businesses simply do not have.

The other challenge with small businesses that's difficult to accept is the reality that the vast majority of them either do not succeed beyond a few years or grow to a very limited size. Now, there's of course nothing wrong with this. Not every business can succeed and not all of them need to become Goliaths; but it does illustrate the difficulty of putting an overemphasis on SMEs if we're looking to them to be a major driver of productivity growth.

Another issue that this study focuses on is competition. I think John Pecman highlighted a lot of this with his remarks, and I agree with much of what he said. I think anti-competitive conduct is rightly something that policy-makers need to be seized with. I think there's a consensus across the political spectrum that anti-competitive conduct and behaviour is bad for Canadians, but note that this is actually a size-neutral statement. It is not that being big makes you anti-competitive; it is the behaviour. Both large and small businesses can act in anti-competitive ways. I think some competition policy needs to remain focused on behaviour rather than on size specifically, and in fact I think this is a useful way to frame policy-making around business generally. Rather than large versus small, I think a more useful framing might actually be old versus new, since there's quite a lot of evidence that newer businesses tend to be more dynamic, more growth-oriented and more innovative than older ones, so when shaping policy, this might be a useful way to look at it.

I know I have a short amount of time. The last thing I'll mention is a study that Macdonald-Laurier participated in, a ranking called the subnational innovation competitiveness index, which came out in June of this year. This study ranked all 92 jurisdictions in Canada, the United States and Mexico on the innovativeness of their economies. There's lots of good news in this for Canada. We rank very highly in terms of our skilled workforce and our immigration system. We have a highly educated population and good linguistic ability.

Some of the downsides, though, that probably deserve some focus from policy-makers include the number of patents. Patents are much lower in number in Canadian jurisdictions than in the United States. Gross value added per worker in manufacturing is lower here. Perhaps most alarming is the economy-wide business birth rate. Entrepreneurship has a weak pulse in Canada, according to this survey, so it's something we should certainly be concerned with.

Thank you.

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

We'll now move to the first round of questions and MP Gray for six minutes.

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair.

Thank you to all the witnesses for being here.

My first questions are for Mr. Wudrick.

With your background, I'm sure you're well aware of the different red tape reduction measures in place at the federal level. Through reporting obligations via the Red Tape Reduction Act, the 2021 annual report showed that the regulatory burden on businesses increased in 2020 from 2019 by 4,606 new regulations.

Being a former small business owner, I know that trying to keep up with new regulations and establishing compliance plans can be incredibly costly and time-consuming. Do you believe that increasing the regulatory burden makes it more difficult for small and medium-sized businesses to operate and makes them less competitive, compared to other jurisdictions?

• (1135)

**Mr. Aaron Wudrick:** I think the obvious answer is no, they don't. I don't think any business owner is telling you that they're desperate for more rules and more paperwork to fill out.

We do need to look at streamlining. It is a constant battle, and every jurisdiction faces this. A lot of regulation that is brought in is well-meaning, but that needs to be weighed against the administrative burden and, frankly, against the burden that already exists.

We find that there is a sort of one-way ratchet effect. A lot of regulation tends to get piled on, and old regulations are not repealed or streamlined at the same rate as new ones are added.

**Mrs. Tracy Gray:** There was formerly an advisory committee on regulatory competitiveness, which ended in 2021 and is yet to be re-established in any form that we're aware of.

How important is it to have entrepreneurs and small and medium-sized businesses at the table to gain stakeholder input and feedback, rather than to have the "government knows best", top-down approach when developing policies?

**Mr. Aaron Wudrick:** As a general rule, it's very good to have practitioners participate in the process in anything that you're doing, such as a study or having a commission look at something. Again, I believe most people who run for office and serve as politicians mean well, but it's very different from having the first-hand experience on the ground, so it's very important to be at the table.

**Mrs. Tracy Gray:** I'm sure you're aware that there are a number of automatic tax increases, whether they be the carbon tax; excise taxes on beer, wine and spirits; or payroll taxes that go up every year. They burden small and medium-sized businesses with more costs here in Canada, and all of this occurs without a vote in Parliament.

Do you think that annual tax increases should be voted on in Parliament?

**Mr. Aaron Wudrick:** Obviously the tax burden is a cost like any other cost a business faces. Higher costs make it harder to stay afloat. As a general principle, I think if you're going to raise taxes on the citizenry, you should have to face a vote in Parliament and face the music, so to speak. Otherwise, the public has very little recourse and very little defence against taxes that are raised automatically.

Yes, I absolutely agree that if taxes are going to go up, they should be voted on in Parliament so that they're on the record.

**Mrs. Tracy Gray:** You wrote an article regarding a survey on the state of housing in Canada and stated, "Participants expressed growing concern and frustration stemming from the cost of owning a home, growing pressures on the cost of living, post-COVID economic conditions, and more."

I'm talking to a lot of young adults all the time who feel hopeless and are considering leaving Canada. We've seen stats that international students are also looking to not stay due to costs in Canada. The effect this has on financial stability has also disincentivized young people from starting new businesses.



How do you see Canada's high inflation, regulatory burden, high taxes and expensive housing affecting young adults and making Canada uncompetitive in keeping young adults here?

**Mr. Aaron Wudrick:** In short, they're discouraging.

To be fair, other jurisdictions face most of these problems to a different degree. I think it's unique to Canada that the housing issue is outsized relative to most of our peer countries. In our view at MLI, this is primarily, but not solely, a supply issue. The federal government and the provinces need to look at all tools at their disposal to overcome some of the incentive barriers at the municipal level to increase supply.

Too much of any of those challenges is devastating. As I mentioned earlier, the economy-wide birth rate of businesses is very low here, and that probably explains why. However, housing in particular is something that governments need to be seized with as a major priority in the coming years.

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

In another article you wrote, you referenced what Canadians are looking for from their government. You said that they “prefer that whatever governments are put in charge of, they fulfill those responsibilities reliably and competently”. You also said, “It really should not be controversial to suggest that any organization that is not doing a very good job fulfilling its current duties should probably pause before adding to its to-do list.”

In my constituency office of Kelowna—Lake Country, I've been inundated, as I'm sure many MPs have, with constituents reaching out due to delays at virtually every federal department office. It is creating a lot of burden, especially for small and medium-sized businesses, whether they are trying to resolve CRA issues or worker visas or whether it's employees who need a passport renewal to go to a conference. There are all kinds of different scenarios that affect small and medium-sized businesses.

If the government is looking to add to some of their mandates and their work plans, whether it be to the CRTC or health programs or many other things, is now the time to be doing this, while departments are already not providing some of the basic services that Canadians expect from their tax dollars?

• (1140)

**Mr. Aaron Wudrick:** I would suggest that this would be unwise. I think oftentimes governments face a choice between doing very many things not so well or fewer things better. I think now is the time for the latter.

Look, there's always going to be a debate in this country about how much government should do. That's normal and that's healthy, but whatever we settle on, government should be doing it well. I think passports in particular have become symbolic of Canadians' frustrations with services. I believe most Canadians are happy to pay their taxes if they feel they are getting good value for them, but they get frustrated when they see their taxes going up but their services stagnating or in decline.

**The Chair:** Thank you very much, MP Gray and Mr. Wudrick.

I will now move to MP Dong for six minutes.

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

I want to thank all the participants for coming today and for giving us their testimony.

My first question goes to you, Mr. Georganas, with regard to the trademark situation here. I think you said that last year you received over 112,000 IP applications. What's the average processing time for these applications?

**Mr. Konstantinos Georganas:** Thank you very much for the question. My apologies for the technical issues I've had.

Perhaps I could turn to my colleagues, Mesmin Pierre and Iyanna Goyette, to respond to the specifics.

**Mr. Mesmin Pierre (Director General, Trademarks and Industrial Designs Branch, Canadian Intellectual Property Office):** Thank you, Konstantinos.

Thank you, sir, for the question. It does depend. We have seen a decrease now of 30 months on average for a response from the office with respect to overall domestic applications.

We do have a number of streams. If the application is coming internationally, we have obligations under that system, as Konstantinos related to earlier. The obligation for Canada is a response within 18 months. We have been meeting that obligation since we joined the treaties in 2019. However, we also take measures to accelerate some applications when they are needed—for court actions, for instance, or in response to COVID applications and so on, so we—

**Mr. Han Dong:** Thank you. I'm sorry. I have a few questions. I don't mean to be rude.

What you're saying is that for average domestic applications, it takes up to 30 months, but for international applications it's 18 months, because Canada has an obligation to fill. How do these numbers compare with other jurisdictions?

**Mr. Mesmin Pierre:** With respect to the international ones, they do compare, because those are the obligations. With respect to domestic, we are seeing that here in Canada we're a bit slower.

As Konstantinos mentioned, we are taking steps to address these issues. We have now peaked with respect to our inventory. We are improving turnaround times by building capacity. Since 2020 we have hired over 100 examiners for trademarks. We're also now using or deploying better technologies, such as artificial intelligence, to automate some processes. That is really helping us in—

**Mr. Han Dong:** The question was this: How does that compare with other jurisdictions, such as the United States, the U.K., or Japan?

**Mr. Mesmin Pierre:** We are looking at sharing best practices with our international counterparts. Canada is slower than these jurisdictions, but we are looking at similar measures that they have put in place. We know we're on the right track, given the type of best practices we're sharing on this.

**Mr. Han Dong:** That sounds great.

As my last question on this topic, what's the trend? What was the processing time five years ago? Just give me an idea and some context.

**Mr. Mesmin Pierre:** We were at about 15 to 16 months prior to joining the treaties, and then we had the surge that Konstantinos mentioned.

**Mr. Han Dong:** It was 15 to 16 months before the treaty, and now, because of obligations, international is 18 months and domestic is 30 months.

Can I make the hypothesis that it was because of entering the treaties? Is it because lack of resources is slowing down the domestic application processing?

• (1145)

**Mr. Mesmin Pierre:** It's a fair assumption, combined with the COVID-19 situation and, indeed, the very high success of Canada following the accession to the treaties.

**Mr. Han Dong:** Thank you.

I want to change the channel a little bit for Monsieur Blanchet.

With regard to the labour shortage, we've seen that there are underutilized groups in our society, such as youth, older workers and new immigrants. What can we do to change this, because it does impact SMEs' productivity? Can the government do something to encourage underutilized groups to contribute more to our economy?

[*Translation*]

**Dr. Yves Blanchet:** Yes, absolutely. There are ways to do that.

I will give the example of Quebec and its institutions. Quebec focuses on designing training for these underutilized and under-represented groups in the labour market. There are various institutions, including the mutual training organizations I talked about earlier, which are more oriented toward specific sectors of activity. However, there are also similar semi-public institutions in Quebec that target under-represented populations, whether they are women, seniors or young people in difficulty, former dropouts, who cannot find a job at age 22, 23 or 24.

[*English*]

**Mr. Han Dong:** That would be through training and skills upgrades.

I have the same question for Mr. Pecman.

I've seen the growing use of online platforms, and, especially in the general labour market, they've kind of sucked in a lot of those resources. We've all had conversations with Uber drivers who are trained professionals now driving Uber, and we see an increase of that.

What is your comment on it? What are your thoughts in terms of the productivity of our labour force in Canada?

**The Chair:** Please give a very brief answer, Mr. Pecman.

**Mr. John Pecman:** Very briefly, clearly, to have a more diverse workforce is a goal for government. Allowing for open, unfettered markets that function freely helps with that. Clearly there are places where government subsidies and intervention are required to facilitate more diversity. The program that Mr. Blanchet was mentioning

is one example of that, but the Competition Act itself does not target labour, diversity and those types of issues, so it's hard for that particular piece of legislation to assist in any significant way, in my view.

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

[*Translation*]

I now give the floor to Mr. Lemire for six minutes.

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

I also thank all the witnesses for their presentations. I think they are a good complement to the study we are doing on SMEs.

I will start with you, Mr. Pecman. What is your assessment of the current Canadian legislation on competition? Is it sufficiently robust? Is it not time for a legislative reform, for a serious consideration?

[*English*]

**Mr. John Pecman:** Thank you for the question.

In my opening statement, I commended the government for taking some baby steps towards strengthening competition laws. I firmly believe more needs to be done, particularly given that its competition laws are a huge macroeconomic policy lever to deal with increased productivity and competitiveness, and that lever has been neglected, in my view.

There are areas of the legislation that need an upgrade to deal with the digital economy. In my view, our merger controls review process has some antiquated provisions dealing with efficiencies that need to be looked at and revised in order for there to be more robust competition in Canada.

With regard to market study powers, the fact that the bureau doesn't have them means that the bureau doesn't have an in-depth study of industry sectors where there may be huge competition issues and where it could make recommendations to remove regulations that could be problematic or give other advice to governments to make them much more competitive. These tools are used in other jurisdictions, whether it is in the EU, the U.S. or Australia, and they have informed legislative change. In Canada, unfortunately, market studies that advocate are done on a voluntary basis. The bureau had some resource constraints that take away from its enforcement function. I think more attention needs to be placed on that.

Last, a competitiveness council, as I suggested, would ensure that there is some oversight in making sure that Canada has regulations and policies that promote productivity and competitiveness, very much like the United States has this Competition Council that reports directly to the White House and to the President. Something akin to that, I think, would be helpful to Canada. In the context of small businesses, clearly more competitive markets and a better marketplace referee to call fouls more efficiently will help the small and medium-sized businesses as well.

• (1150)

[*Translation*]

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

Mr. Georgaras, as time is limited, I will take the liberty of asking you the same question I asked Mr. Pecman. What is your assessment of the current Canadian legislation? Shouldn't it be reformed to ensure that it is meeting the current needs in Quebec and Canada?

**Mr. Konstantinos Georgaras:** Thank you for your questions.  
[English]

With regard to the legislation, we continually look at our IP legislation in Canada, and likewise with the trade agreements that we have made over the years, whether with the European Union or as part of CUSMA. We use those as opportunities to ensure that our legislation is up to date and internationally harmonized.

As I mentioned earlier, most of our applications come from outside Canada, and many of those applications are also filed abroad, so we work through these trade agreements to ensure that our laws are up to date, harmonized and consistent.

[Translation]

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

Mr. Blanchet, labour and training essentially come under provincial jurisdiction.

What are your expectations of the federal government? How can it help you better achieve your goals?

**Dr. Yves Blanchet:** The federal government has already introduced the Canada training benefit for Canadian workers. There is also the Future Skills Centre, whose goal is to promote training. It works with the federal government through the Department of Employment and Social Development.

These organizations could do that promotion with the provinces, to set up institutions across Canada, somewhat along the lines of the Quebec model, but without the other provinces having to repatriate powers as Quebec has done. The federal government could give the rest of Canada the powers to set up a model modelled on the program we have in Quebec, which each province could adapt in its own way.

This model must be developed in conjunction with businesses and unions across the territory or country. They must take responsibility and become leaders. The federal government can help them and provide the funding to help them get started, but then it's up to businesses to show interest.

Both businesses and the workforce will come out ahead. It is a win-win situation. If the federal government launches a national strategy, the initiative will benefit everyone.

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

Mr. Chair, I am going to stop now, contrary to my habit of asking a question at this time, because I know the schedule is tight.

**The Chair:** I'm very grateful to you, Mr. Lemire, as I am struggling to keep within the time limits.

Mr. Masse, go ahead for six minutes.

[English]

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

Thank you to all the witnesses.

I'm going to start with you, Mr. Pecman. With regard to continuing discussions with the United States, what is your overall assessment? I think that in many respects Canadian consumers are treated like a colony by many of the large manufacturers and corporations.

I'll give you a good example: Toyota. During their abysmal performance on the recall for deficient brake pedals, we broke the story that it was actually software. They insisted that it was a physical thing and insisted that it was the mat. That led to accidents and serious problems.

In the U.S., their citizens actually got better service. They got their vehicles picked up if they wanted that and, for example, in the state of California, they got replacement vehicles and a massive investment for R and D as part of the settlement. Over here, we didn't get any of those things.

Can you give us some insight? When competition issues related to public safety and other matters are identified, do you think Canadians get treated the same way as our American counterparts? This applies especially to the automotive areas. We're integrated, in that we actually have the same emission standards and the same standards for quality and for roads as well. It's interesting that when it comes to warranties, recalls and so forth, we're not treated the same.

• (1155)

**Mr. John Pecman:** Thank you for that question, Mr. Masse.

In terms of the treatment of consumers in Canada vis-à-vis the U.S., obviously rules and regulations in the U.S. are different from those in Canada, particularly in dealing with consumer protection and antitrust situations. The antitrust laws in the U.S. are very severe, with severe penalties, including very active private class action mechanisms that allow companies and consumers to advocate before the courts and obtain damages for conduct by companies.

In Canada, it's nascent in some of the areas. Class action is available to consumers when you're dealing with cartel criminal conduct, such as price-fixing and bid rigging. On the other types of conduct, such as abuse of dominance and other market-type restraints, the Competition Tribunal is allowing access, but there are no damages provisions, so that kind of mutes the effectiveness of that tribunal. It does help free up some of the conduct to make it more competitive, but the consumer redress piece is left behind.

I think you really do have to look at the jurisdiction's consumer redress features. There I think we're behind the U.S. In terms of our legislation for competition and consumer protection, we're close. Again, we need to make some tweaks to align ourselves with the U.S. on the merger side, for example. I mentioned the efficiencies process.

In terms of consumer protection, with the recent amendments, the potential administrative monetary penalties that can be imposed on companies have increased. Again, that will just draw their attention. I don't think companies intentionally intend to discriminate between the two markets, but their attention is focused on where their costs are higher and where there's more liability. As Canada is a smaller market, I don't think it draws their immediate attention. Large markets like the U.S. and Europe are where they pay attention, and they'll get to Canada, and that's what we've seen often when you're dealing with international issues.

**Mr. Brian Masse:** If we leave those holes open.... I'm also the international trade critic and I've always argued that this should be part of our trade agreements if we're going to integrate our markets and we're going to have similar rights for corporations on competition and massive public investments. Most recently, we've had significant public dollars going to many corporations and many different industries. Shouldn't there be at least some thought there? Should we maybe bake that into trade agreements, versus trying to recover later on by doing separate legislation to try to bolster...?

I do appreciate the specifics that you provided on the Competition Bureau update. I think those are really good suggestions. Should we try to bake those things into trade agreements? What do we do now? We just signed another agreement with the United States, but we didn't include consumer protection.

**Mr. John Pecman:** I'm going to have to be careful to not speak outside my lane and outside of my expertise.

I'll focus on competition law. Specifically dealing with trade agreements, there are provisions in the trade agreements that deal with harmonization of competition laws. However, in terms of the consumer protection side, I'm not aware that there is a detailed harmonization attempt, as you're suggesting. The trade agreements generally do try to link up competition policy and approaches. It's not clause by clause, so the devil is often in the details. There are attempts to co-operate and attempts to have similar types of provisions, but there is nuance. That sometimes really matters.

**Mr. Brian Masse:** Maybe that's where we're failing Canadians, in the sense of doing follow-up legislation to match those things that we do on the trade front. We finally got in some of those things about health and safety, workers' rights, environmental issues and so forth.

I do want to ask you to expand a little bit on the independence of the Competition Bureau and maybe resources that we should have. I really feel that those are important factors, the independence in particular, especially when we have the dissolution of the media, which no longer does as much investigative reporting because it's so costly. They're also litigated, so we've lost a chapter of our journalistic elements because of a series of different disruptions. They used to provide some type of exposure of corporate malfeasance. I'm wondering whether or not there should be more independence,

as you mentioned, and resources for the Competition Bureau to fill that void.

• (1200)

**Mr. John Pecman:** The thesis in my paper that I mentioned is something that I've been advocating for some time. The Competition Bureau is currently situated as sort of a sector branch within ISED, the industry department. As a result, it has to report its administrative and financial responsibilities there. Sometimes when there is a program in the department that needs funding, it will be across the board, and the bureau ends up providing some of its budget towards superclusters or whatever the initiative is, taking away resources from the bureau. While I was commissioner, resources of our organization diminished over time as these asks continued.

In terms of the independence of our investigations, yes, the department is hands-off. We just give a heads-up that we're about to take an action, and that's the extent of it. I think there is a chilling effect when the department that the bureau is situated in and reports to is in the business of also promoting business. It's hard to be a referee against those businesses when your higher-ups are encouraging these companies through subsidies or grants. It creates a conflict. It's not transparent. It just chills, and the bureau's advocacy is chilled sometimes in certain sectors because of the activity of the department.

I'm just saying that it would be a lot cleaner and more efficient if Canada had, like the rest of the world, an independent competition authority not embedded in an industry department. That is the number one thing the OECD recommends to developing agencies not to do.

**Mr. Brian Masse:** I agree 100%.

May I have one last quick question, Mr. Chair?

**The Chair:** Be very quick.

**Mr. Brian Masse:** Then more similar to the Privacy Commissioner or something—

**Mr. John Pecman:** Yes, that would be my recommendation. They would report directly to Parliament. They're free; they can be more outspoken, and they can be more effective. They'd be accountable for their resources to Parliament, as opposed to being buried within a department where their resources aren't protected. They are not protected there; they are exposed to the department and their takes.

Having them independent makes them, I believe, a better agency.

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

Colleagues, we're at the end of the first hour. With your blessing, I would propose that we go forward for at least 15 minutes more. We can do the first part of the second round so that every side has the opportunity to ask more questions. Would that be amenable to all of you?

**Some hon. members:** Agreed.

**The Chair:** Okay, so I'll ask our witnesses to stay with us for just a little longer, say 15 to 20 minutes.

We'll go now to Mr. Kram for five minutes.

**Mr. Michael Kram (Regina—Wascana, CPC):** Thank you, Mr. Chair.

Thank you to all the witnesses for joining us this morning.

Mr. Wudrick from the Macdonald-Laurier Institute, I found your opening presentation very intriguing. For a minute there, I thought you were going to be very critical of small businesses compared to large businesses, but, as your presentation went on, the conclusion that I came to was that if we're going to increase the standard of living in this country, we need to grow small and medium-sized businesses into large businesses. Would you agree?

**Mr. Aaron Wudrick:** Yes, I would agree.

I would also say that some small businesses, by their nature, are just never going to be big. Think of a lot of these small businesses in communities. Don't get me wrong; I patronize a lot of them myself. They may run a small restaurant; they may run a small business in their local area; they may provide a good life to support a family or have a dozen employees. The reality is that most of these entities will never become giant businesses that employ thousands of people, and that's fine. However, if we are really keen—and we do have a productivity issue in this country, as I think everybody knows—putting too many eggs in the small business basket to address that issue is not a great idea.

**Mr. Michael Kram:** Regarding those small and medium-sized businesses that have the potential to grow into large businesses, what do you see as the major barriers to growth in this country?

**Mr. Aaron Wudrick:** The regulatory burden has already been brought up. I think there is room for government support here. For example, Mr. Blanchet's presentation is an intriguing example. There are lots of entrepreneurs who know their craft, who know their industry, but they don't know how to leverage technology, so anything governments can do to connect these businesses to technology will make them more productive and give them a better shot at getting bigger.

• (1205)

**Mr. Michael Kram:** Thank you very much.

I would like to change gears right now for Mr. Pecman. I found the creation of the competitiveness council a very fascinating idea. I want to be clear. When we talk about anti-competitive behaviour, are we talking about price collusion and price-fixing or just a lack of competition in general?

**Mr. John Pecman:** Anti-competitive behaviour is identified in the Competition Act, which was recently amended. It is any conduct that enhances, preserves or creates market power, first of all,

for companies that have that and then engage in conduct that is “exclusionary, disciplinary or predatory”, and it now includes “an adverse effect on competition”. It's a pretty broad basket, but basically it's conduct engaged in by companies that are dominant and have market power and harm the entry, access, participation of other companies in the marketplace.

The legislation currently exists to deal with that. The competitiveness council, in my view, should deal with advocacy, advocating to government to remove regulations that harm competition, such as interprovincial barriers, barriers to foreign investment into the country that would increase competition depending on what sector, whether it's telecom, banking.... Just go down the list of international barriers to entry. A competitiveness council would give high-level advice to government on areas to target to increase competitiveness and productivity in our country.

**Mr. Michael Kram:** SMEs in Canada pay some of the highest credit card processing fees in the world. If we went with your approach and we adopted this competitiveness council, how would the council deal with high credit card fees?

**Mr. John Pecman:** Again, it seems to be a very narrow, sectoral issue that I would commend to the Competition Bureau to study through a market study, followed by recommendations, as opposed to a more high-level approach.

We've dealt with credit card issues in the past at the bureau. As you may know, an order was imposed on Interac for debit cards and debit fees which imposed very low rates, and that was a result of the good work that was done by the Competition Bureau. If there is some anti-competitive behaviour behind those high rates, again, that would be something the bureau would take on with its enforcement mandate.

I would suggest that it might be worthy of a market study, and recommendations could be given to the government to change rules, with Finance Canada or whomever, to allow for a more competitive market, which could perhaps lower fees for small businesses.

It's not just the domestic issue. Unfortunately, credit card rates, fees, are high for merchants around the world, but I'm sure that a study could help with some ideas, because it's not clear what the answer is. Following one of our cases dealing with credit card rates at the Competition Tribunal, they said that maybe this is an area for regulation, because market forces just don't work properly.

**Mr. Michael Kram:** Mr. Chair, I think I'm at time.

**The Chair:** I'm sorry, Mr. Kram, you're out of time. We'll now move to MP Gaheer for five minutes.

**Mr. Iqwinder Gaheer (Mississauga—Malton, Lib.):** Thank you, Chair. If I have any time left over, I'd like to share it with MP Dong.

I'd like to thank the witnesses for making time for the committee.

My questions are for Mr. Georgaras. You spoke about the challenges that are involved in this current regime with regard to the complexity, the process and the time to acquire IP.

Could you focus on the complexity part of it? Why is this regime so inherently complex, and how can we make it more accessible to small businesses, to start-ups, to under-represented groups?

**Mr. Konstantinos Georgaras:** Thank you very much for the question.

Why is the system so complex? What we are providing here are intellectual property rights, and these rights define the boundaries of an invention, an idea. It also gives the applicants a tool that they could then use to trade with, to license and to protect in the marketplace. There are lots of complex issues around having that IP right well defined, and it must adhere to domestic laws as well as treaties that we're part of. As a legal instrument, it is complex.

As I mentioned, what we are doing is providing very focused awareness and education material to applicants, as well as to potential applicants, to help them understand the value of IP and whether or not they need it, and also how to navigate the system. Our job here is to provide that information to help SMEs go through the process.

Larger companies, of course, are well versed in IP, and complexity is less of an issue.

• (1210)

**Mr. Iqwinder Gaheer:** That's great. Thank you.

My second question is this: A gentleman from your team mentioned that AI is being used in the process of streamlining. Could you expand on that a little bit?

**Mr. Konstantinos Georgaras:** Yes. On that I'll turn to my colleague Mesmin Pierre to elaborate.

**Mr. Mesmin Pierre:** Thank you very much for your question.

We've recently, in fact, looked at automation for some of the repetitive elements of our process in order to provide information to applicants with respect to goods and services so that when they apply for a trademark, they have to define which goods they want to protect or which services they want to protect. Using automation, or artificial intelligence, we're able to fast-track those elements and provide that information, which in turn improves the time it takes us to return to the applicant with a decision.

**Mr. Konstantinos Georgaras:** Perhaps I may add to that. Again, my apologies for the technical challenges here.

What Mr. Pierre described, again, is a tool to help our examiners. Ultimately the decision of trademark registration falls to an individual, a trademark examiner. The use of those technologies really is a tool.

**Mr. Iqwinder Gaheer:** That's great. Thank you.

Chair, I'd like to cede the rest of my time.

**The Chair:** Thank you.

Go ahead, MP Dong.

**Mr. Han Dong:** Thank you, Chair. My first question is for Mr. Wudrick.

Are you aware that the 2022 budget changed the tax ceiling to allow a small business to grow into a medium business? What are your thoughts on that? Do you think that was a good move?

**Mr. Aaron Wudrick:** Yes. I think there was a ceiling. There has always been the debate over the small business tax rate as well. It means that you create disincentives for businesses to become bigger. I think anything that smooths out that process, that makes it easier, that creates fewer barriers for businesses to go from small to medium to large is a good thing.

**Mr. Han Dong:** The small businesses do still enjoy lower taxes now that the ceiling has been lifted to \$50 million, so that allows them to grow into medium-sized businesses.

Also, especially during question period, often the government is criticized for providing subsidies to large corporations because they qualified for them, especially during the pandemic. What are your thoughts on that? Do you think these benefits should be more targeted towards small and medium-sized businesses or that large corporations should also qualify for them?

**Mr. Aaron Wudrick:** Well, I think first of all that the pandemic is obviously a special circumstance, so I think the usual arguments against government subsidies to private business probably don't apply in the pandemic circumstance.

Otherwise, no, I think the wisdom of subsidies should be questioned significantly. I'm skeptical about them. I've been an advocate against them in various capacities for close to a decade now. I don't think that the eligibility for subsidies should be dependent on size. I think that if you do decide to do it—and I caution you against doing it—you shouldn't give preference to a business as a recipient based on its size.

**Mr. Han Dong:** Do you agree that during COVID the rental subsidy and wage subsidy were instrumental in saving some of the large and small corporations in Canada, and making sure that people got employed and that our economy remained strong coming out of COVID?

**The Chair:** Please answer very briefly, Mr. Wudrick.

**Mr. Aaron Wudrick:** Absolutely, I don't think anybody argues against the measures. You can play Monday morning quarterback on it, but they had to move quickly, and so they weren't going to be perfect.

[Translation]

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

I now give the floor to Mr. Lemire, for two and a half minutes.

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

Mr. Pecman, as a former commissioner, have you had an opportunity to look at the situation in hockey—particularly in junior hockey—at the competition between different leagues, the professional status of players aged 18 to 20 and the Canadian junior hockey leagues?

• (1215)

[English]

**Mr. John Pecman:** As the former commissioner, I know we may have received complaints about that issue. Of course, they wouldn't have made it to my level, the commissioner level, but on the issue of labour rights and rights of hockey players, clearly there can be competition issues when dealing with large leagues and teams. Often it comes down to bargaining, and the act does allow labour to bargain, so there could be some bargaining issues there.

We did intervene on occasion to allow certain teams to move to different locations, because there were barriers to movement, but in terms of drilling down to the player level, that may be an active issue or an issue that took place after my term as commissioner. I just can't give you a comment on that, and if I could, a lot of it would be confidential. Clearly there are potential considerations there of the rights of players in a monopolized league with an imbalance of power, and there could be potential abuses in that scenario.

Again, if the bureau could take action and it was a priority, I'm sure they would look at it closely and do the appropriate thing.

[Translation]

**Mr. Sébastien Lemire:** Thank you.

Subsection 48(1) addresses this issue of intervention and prohibits a league from unreasonably limiting a player's ability to participate in professional sports or imposing unreasonable conditions on them. I understand that some thought has been given to this issue, and I thank you for answering this question.

I would have liked to have your comments, but I understand that may be for another time if your mandate allows it.

**The Chair:** Thank you.

Mr. Masse, the floor is yours for two and a half minutes.

[English]

**Mr. Brian Masse:** You've mentioned credit card rates and the credit card industry. I think financial management systems in our country are probably the biggest inefficiency in our economy. On the consumer side, we're at upwards of 19% to 27% interest on some credit cards in general, with some even higher, and some lower if you get the right one.

I asked the Bank of Canada about the charges and service fees that are being applied to SMEs and the lack of competition there, and whether or not they had investigated providing their own credit card for small and medium-sized businesses, and they said they had actually done a study in the past.

If we don't see much adjustment in the markets, do you think we might actually look at regulation to make sure that they're in line? There's a disproportionality in terms of the amount of investment that these companies have made in order to make a profit based upon the movement of money among customers and consumers. It seems rather inefficient for SMEs to have to rely upon this cabal system and lose their profit margins. A convenience store or a gas station only makes two or three percentage points per sale, and it's almost all eaten up by credit cards.

**Mr. John Pecman:** It's a very complex area. Obviously, the use of credit cards is a benefit to small and medium-sized enterprises. Clearly, it helps with attracting consumers and attracting business.

In terms of the right price for the right to use these cards or the ability to use the cards, that's a very tough question. What is the right price? Market forces usually determine that, and if the prices are too high or there is what we call an exercise of market power, it means that there could be a monopoly situation or just that markets are failing. A study may look at the complexity of these issues and provide recommendations on how better to go forward to make sure that if the process is perceived to be unfair to certain customers, there will be ways of perhaps providing solutions for such situations.

Again, as I sit here—

**Mr. Brian Masse:** If it was independent like the Auditor General or something like that, there would be credibility in these studies because the body would be independent and have to report to Parliament and not to anything else.

**Mr. John Pecman:** It's obviously important for the recommendations to be unfettered and independent, and based on the evidence and independent experts, if they're used. The bureau undertook a financial technology study when I was commissioner. We made recommendations to Finance Canada on how to introduce more financial technology services to help with competition. That is moving through the process, and hopefully, when there's more competition in financial technology, you may see activity in the credit card side as well.

• (1220)

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

I wish to thank all of the witnesses.

[Translation]

Mr. Blanchet, before we wrap up, I would like to ask you a quick question.

You talked about the Canada training benefit that the federal government put in place for the workforce. That was in the 2018 budget, if I'm not mistaken. Have you looked at how popular that is among Canadians?

**Dr. Yves Blanchet:** No, not yet.

The measure is fairly recent, as it was included in the 2018 budget. However, it did not show up on our tax returns until 2019. Then there was the pandemic.

I am very interested in knowing how much the public uses this measure. It will take some time to accumulate enough data, so let's wait about five years, until 2024, before we begin studies on how popular this measure is and how it is used. This is something to keep an eye on.

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

*[English]*

Thank you to all of our witnesses today. It is much appreciated. Thank you for being with us at this last meeting.

This concludes our studies on SMEs.

We will suspend for five minutes while we go in camera for committee business.

Have a great day to our witnesses, and thank you again.

*[Proceedings continue in camera]*

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