Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE

Annual Report on Competition Policy Developments in Canada
-- 2016 --

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This report is submitted by Canada to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 5-6 December 2017.

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1. Executive Summary

1. Competition is dynamic by nature. It spurs progress and drives innovation. And for the benefit of Canadian consumers and businesses, the Competition Bureau (Bureau) must be just as dynamic itself—evolving practices and processes to respond to a changing marketplace and the impacts of disruptive new technologies and business models. In the fiscal year of 2015–2016, the Bureau did exactly that: pursuing its mandate to enforce and promote Canada’s competition laws while forging new partnerships, adopting new ways of engaging with consumers and industry, and completing its organizational realignment into “One Bureau” dedicated to protecting and promoting competition and innovation, so that Canadians can continue to benefit from greater choice and lower prices.

2. The Bureau had a successful year in protecting and promoting competition and innovation. Through its investigations and enforcement actions, the Bureau put a stop to unwanted text messaging by one of Canada’s largest telecommunication companies, promoted honesty in online reviews, safeguarded Canada’s infrastructure investments by tackling bid-rigging in the construction sector, advocated for the modernization of Canada’s taxi regulations, and upheld its commitment to ensure competitive gas pricing.

1.1. Putting a Stop to Unwanted Text Messaging

3. When some Canadian mobile phone customers were charged for services they did not want or for which they did not agree to pay, such as ringtones, trivia questions and other “premium” content, the Bureau took an innovative enforcement approach to stop these false or misleading representations. This led to a settlement with Telus that included up to $7.34 million in rebates for consumers who were unknowingly charged for these services—the largest refund in Bureau history. Instead of going after individual perpetrators, the Bureau went straight to the wireless providers who permitted these unauthorized third-party charges to appear on their customers’ bills. Related proceedings against Canada’s “big three” wireless providers (Rogers, Bell, Telus) and the Canadian Wireless Telecommunications Association (CWTA) began in 2012. This record-setting settlement follows a similar agreement reached with Rogers in March 2015.

1.2. Promoting Honesty in Online Reviews

4. With Canadians depending more and more on the information they find online to make buying decisions, the Bureau took a stand against the practice of “astroturfing”—that is, when a company posts fake online reviews as though they were written by independent and impartial consumers. After the Bureau’s investigation found Bell employees and contractors were encouraged to post positive reviews and ratings for the company’s mobile apps, the Bureau reached an agreement with Bell that saw the telecommunications provider pay a $1.25 million administrative monetary penalty. In addition to taking measures to strengthen its corporate compliance program, Bell also hosted a workshop—at its own expense—to discuss the importance of trust and integrity in the digital economy.

1.3. Safeguarding Canada’s Infrastructure Investments

5. When companies collude while bidding on government contracts, taxpayers are the ones who ultimately pay the price. This is especially damaging in large-scale
construction projects essential for delivering safe, high-quality public infrastructure. That’s why the Bureau continues to investigate bid-rigging in the construction sector. The Bureau’s investigations have resulted in numerous criminal charges and fines against companies that rigged bids on road construction, water treatment and other contracts in Quebec — including more than 44 charges against three companies and four individuals in the past year alone. To complement its enforcement efforts, the Bureau has also increased compliance outreach and awareness initiatives to help the construction sector and government procurement officials better recognize and prevent this criminal anti-competitive behaviour.

**Advocating for the Modernization of Canada’s Taxi Regulations**

6. In November 2015, the Bureau published a paper calling for the modernization of Canada’s taxi regulations to allow taxis and ride-sharing services to compete on an even playing field. To give citizens more transportation choices at better prices, the Bureau argued that cities should embrace rather than prohibit ride-sharing services, imposing new regulations only when necessary to protect the safety of passengers and drivers. At the same time, regulations on taxis should be relaxed to allow them to compete more effectively with new business models. That paper directly influenced the development of new taxi regulations in several Canadian cities. It also exemplified the Bureau’s commitment to respond quickly to market shifts for the sake of Canadian consumers, and in support of competition and entrepreneurial innovation. The Bureau’s advice to regulators had a direct impact on the development of regulations in municipalities across Canada.

**1.4. Fuelling Competition in the Retail Gas Sector**

7. The Bureau also upheld its commitment to ensure competitive gas pricing by challenging, in a number of local markets, Parkland Fuel Corporation’s proposed acquisition of Ontario and Manitoba gas stations from Pioneer Energy, and by continuing its investigation into retail gas price-fixing in Quebec. In the Parkland case, the Bureau obtained its first-ever mediated settlement, demonstrating the benefits of mediation as a “go to” tool for resolving disputes quickly and effectively. The Bureau’s price-fixing investigation also continued to bring greater fairness to pumps across Quebec. Since 2008, the Bureau’s investigation has resulted in charges being laid against dozens of individuals and companies, with millions in court-imposed fines.

8. For additional information on the activities described throughout this report, please consult the Bureau’s corporate documents, including the 2015-16 Annual Report and 2015-2016 Year End Quarterly Statistics Report.

2. Changes to competition laws and policies, proposed or adopted

**2.1. Summary of new legal provisions of competition law and related legislation**

9. No new legal provisions of competition law or related legislation were introduced in fiscal year 2015-2016.
2.2. Other relevant measures, including new guidelines

2.2.1. Guidelines

10. Openness and transparency are two of the Bureau’s core values — and the Bureau upholds those values by applying Canada’s competition laws in a clear and predictable way. This includes consulting with Canadians on the development of new compliance guidelines. In 2015-2016, the Bureau held consultations on a number of key documents.

11. The Bureau’s Competition and Compliance Framework Bulletin was published in November 2015. This Bulletin describes the general approach of the Bureau to the administration and enforcement of the Competition Act (Act), the Consumer Packaging and Labelling Act (except as it relates to food), the Textile Labelling Act and the Precious Metals Marking Act. The Competition and Compliance Framework is guided by the principles of confidentiality, fairness, predictability, timeliness, and transparency. The Bulletin operates from the assumption that most businesses and their managers prefer to comply with the law rather than to become involved in enforcement proceedings.

12. The Bureau’s Pre-Merger Notification Interpretation Guidelines were published in September 2015. To bring more transparency to its merger review process, the Bureau updated the Merger Review Process Guidelines to include new instructions on how merging parties should respond to requests for supplementary information. These Guidelines address the treatment of certain intangible assets, such as loans, mortgages and receivables, for the purpose of the exemption for acquisitions in the ordinary course of business (Paragraph 111(a) of the Act). This Guideline supplements Pre-Merger Notification Interpretation Guideline Number 3: Exemptions for Acquisitions in the Ordinary Course of Business (Paragraph 111(a) of the Act).

13. The Bureau published Intellectual Property Enforcement Guidelines in March 2016 to address the interface between intellectual property (IP) and competition law. The Guidelines outline the Bureau’s enforcement approach to a broad range of business conduct involving IP and discuss the circumstances in which the Bureau would seek to restrain anti-competitive conduct associated with the exercise of IP rights to maintain competitive markets. The approach elaborated in this document is based on the premise that the Act generally applies in the same way to conduct involving IP as it does to conduct involving other forms of property. The Bureau will review the Guidelines annually and revise them as needed to keep pace with changing technological environments.

14. In addition, in April 2015, the Bureau issued the Production of Electronically Stored Information Enforcement Guidelines to inform businesses of its preferred format for receiving electronically stored information during an investigation, making its processing and review of submitted information much more efficient.

15. The Bureau also released eight position statements to provide the antitrust community, industry stakeholders and the general public with clarity on its approach to certain investigations, inquiries and merger reviews, as well as their results. This included statements about its review of the Renaud Bray and Archambault merger, as well as the NHL/Rogers broadcasting rights agreement.

2.2.2. Strategic Planning

16. To better meet the needs of Canadians in a changing marketplace, the Bureau developed its first three-year plan which was published in June 2015. The Bureau’s
2015–2018 Strategic Vision describes the mission and values at the core of its organization, and sets out five new strategic objectives that will guide its work on behalf of consumers and businesses:

- Increase Compliance: Use all available tools to increase compliance with Canada’s competition law and prevent and deter anti-competitive or deceptive conduct that could threaten the health, growth and confidence in the Canadian economy.
- Empower Canadians: Create an environment of competitive prices, greater produce choice and informed decision-making for the benefit of all Canadians.
- Promote Competition: Promote and advocate for a more competitive marketplace, emphasizing smart regulation focused on achieving legitimate regulatory objectives.
- Collaborate with Partners: Collaborate with domestic and international partners to promote strong competition principles and expand opportunities for Canadian participation in world markets.
- Champion Excellence: Promote a culture of excellence throughout the Bureau founded on openness, collaboration, engagement, and securing tangible results.

2.3. Government proposals for new legislation

17. There were no government proposals for new legislation in fiscal year 2015-2016.

3. Enforcement of competition laws and policies

3.1. Action against anticompetitive practices, including agreements and abuses of dominant positions

18. Practices such as bid-rigging, cartels and abuse of a dominant market position harm a competitive marketplace. They deprive law-abiding businesses of market opportunities and often mean higher prices and less choice for consumers. They also reduce incentives for businesses to reduce costs and innovate. The Bureau continued to target anti-competitive tactics through effective, integrated enforcement of the Act.

3.1.1. Cartels and Bid-Rigging

19. The largest cartel investigation in Bureau history, the auto sector cartel, continued to generate results. In December 2015, Toyo Tire & Rubber Co. Ltd. pleaded guilty to three counts of bid-rigging and was fined $1.7 million for making secret agreements with other suppliers of anti-vibration vehicle components about how to respond to quote requests from Toyota. This marks the eighth guilty plea since the investigation began in 2009, secured in large part because of the information provided by the 21 parties cooperating in the Bureau’s Immunity and Leniency programs. Since 2013, this investigation has resulted in more than $70 million in fines issued by the courts.¹

20. In an effort to protect competition as the federal government set out to undertake one of the largest infrastructure investments in Canadian history, the Bureau heightened efforts to uncover and put a stop to cartel activity in the municipal services sector — and

¹ Total fines as of March 31, 2016.
protect Canadian taxpayers from footing the bill for inflated procurement costs. As a result of the Bureau’s investigations in this area, Chalifoux Sani Laurentides Inc. pleaded guilty and was fined $118,000 for its participation in a bid-rigging scheme to obtain sewer cleaning and maintenance contracts in Quebec. Five other companies and one individual in Quebec have also pleaded guilty for their involvement in this cartel since 2012. In June 2015, following an investigation that started in 2011, 44 criminal charges were laid against three companies and four individuals accused of bid-rigging for the supply of water services to municipalities in Quebec. Another company, Les Enterprises Paysagistes Gaspard Inc., pleaded guilty to nine counts of bid-rigging and was fined $117,000 for its role in the alleged conspiracy.

21. The Bureau also experienced setbacks in two of its major cartels investigations. Following the Bureau’s investigation into price-fixing in the chocolate industry, charges were stayed against Mars Canada, Nestlé Canada and ITWAL Ltd., and in the Bureau’s case related to bid-rigging for federal government IT service contracts, six individuals and three companies were found not guilty. In the spirit of innovation and transformation, the Bureau are drawing on the lessons learned from these cases to re-examine its enforcement processes — including evaluating Leniency and Immunity Programs and engaging an external expert to review Bureau procedures.

22. The Bureau also worked to strengthen the way we collaborate and communicate with the Public Prosecution Service of Canada (PPSC), an independent and accountable prosecuting authority whose main objective is to prosecute cases under federal jurisdiction, including relevant cases under the Act.

3.1.2. Deceptive Marketing Practices

23. Consumers put their trust in businesses to provide accurate product information so that they can make smart buying decisions. The Act’s prohibitions against deceptive marketing and misleading advertising practices (such as fake testimonials and unproven performance claims) are essential to maintaining a healthy, competitive marketplace.

24. Litigation is not the only tool the Bureau used to resolve competition issues. Where possible, the Bureau worked toward consent agreements that benefit Canadians — like the one reached in December 2015 with Reebok-CCM. Reebok-CCM’s advertisements for the CCM Resistance hockey helmets created the impression that the equipment would protect players from head injuries, such as concussions. Although the company had conducted testing on the helmet prior to making the claims, the Bureau concluded that the testing was not adequate and proper to support the marketing claims. Reebok-CCM cooperated fully with the Bureau’s investigation and, as part of the consent agreement reached, agreed to stop making certain performance claims and to implement an enhanced corporate compliance program to prevent similar issues from reoccurring. It also donated $475,000 in equipment to a charity that supports youth sports. This represents the Bureau’s second performance claim case settled in the past two years after the Bureau reached a similar consent agreement with Bauer in 2014.

25. Online reviews can help Canadians make informed buying decisions — but only if they represent the thoughts and experiences of real consumers. In 2015, the Bureau determined that certain Bell employees were encouraged to post positive reviews and five-star ratings for the MyBell and Virgin My Account mobile apps on the iTunes App Store and the Google Play Store. By not disclosing the fact they worked for Bell, these reviews created the misleading impression that they were made by ordinary consumers. In an excellent example of shared compliance, Bell acted quickly to remove the reviews as
soon as it was made aware of the matter. As part of the agreement the Bureau made with Bell in October 2015, the company will no longer direct employees to rate or review its own products — and will enhance its corporate compliance program to prevent this from happening again. In addition to paying an administrative monetary penalty of $1.25 million, Bell also hosted a workshop to discuss trust in the digital economy and the integrity of online reviews.

3.1.3. Monopolistic Practices

26. When companies abuse their market power to prevent or lessen competition substantially in a particular market, Canadians suffer from higher prices, less choice and less innovation. The Bureau continued its work to prevent that from happening with eight new investigations and three inquiries into these practices and made progress in several significant ongoing investigations dealing with this type of conduct.

27. The marketplace is healthier when consumers can choose freely between service providers. In October 2015, the Bureau reached a consent agreement with Direct Energy to resolve concerns that it had limited consumer choice by establishing water heater rental return policies that prevented consumers from switching to its competitors or terminating their contracts to purchase their own water heaters. The Bureau first brought the case against Direct Energy to court in 2012. Even though the company left the Ontario water heater rental market in 2014, the Bureau continued to pursue the case — and were provided clarity on the ability to do so from the Competition Tribunal (Tribunal) in March 2015. As part of the agreement reached, Direct Energy paid a $1 million administrative monetary penalty. It is also required to maintain a corporate compliance program in the event it re-enters the Ontario water heater rental market, showing that companies cannot evade responsibility just because they are no longer active in a particular market.

28. When Rogers and the National Hockey League (NHL) entered into a 12-year broadcast and multimedia agreement in 2013, which gave Rogers exclusive rights to all nationally broadcast NHL games as well as the Stanley Cup Playoffs, it was important to understand how the deal would affect the Canadian broadcasting industry — especially in the context of the ongoing evolution of the broadcasting landscape, with more viewers choosing on-demand service options over the traditional “linear” model of watching television. (Prior to this agreement, the national broadcasting rights were divided between Bell and CBC, with Rogers and Bell holding regional broadcasting rights to various Canadian teams.) The Bureau’s review of the agreement, which was completed in October 2015, gathered input from advertisers, television service providers and distributors to look at the potential impact on prices paid for Rogers’ Sportsnet channels, advertising rates during NHL games and the ability of Rogers’ competitors to obtain “must-have” sports programming. In the end, the Bureau found that the agreement has, thus far, not substantially lessened or prevented competition in the broadcasting industry.

3.1.4. Summary of activities of competition authorities

29. The Bureau continued to punch above its weight with the volume of work that it has done in 2015-16 to increase compliance with Canada’s competition laws. But the results extend further than that, and include benefits to the broader community of stakeholders in competition law in Canada. In 2015-16, the Bureau commenced 299 investigations and examinations.
30. From these investigations and examinations, 24 cases were resolved through alternative case resolutions. Alternative case resolutions allow the Bureau to resolve some issues quickly and easily without a full inquiry or judicial proceeding. They include voluntary undertakings by companies and individuals to adopt certain measures to correct the impact of anti-competitive conduct and prohibition orders. Resolving matters in this way reduces uncertainty and maximizes the use of Bureau resources, since alternative case resolutions do not require lengthy court actions.

3.1.5. Summary of activities of courts

31. Bureau investigations led to 12 guilty pleas (non-contested) by individuals or companies. It executed 13 search warrants and filed 16 civil applications before the Tribunal or the courts.

32. The Bureau entered into 12 consent agreements. Seven merger-related consent agreements were signed and implemented and five non-merger-related consent agreements were obtained. In civil cases, negotiated settlements are often formalized in a consent agreement registered with the Tribunal, which makes the terms enforceable in a court. When registered, consent agreements have the force of a court order; violations of their terms may result in criminal penalties, including fines and imprisonment. Accordingly, a consent agreement must be based on terms that could be the subject of an order of the Tribunal or other courts.

33. The Bureau’s work on the eBooks case, for example, resulted in guidance on the elements required for a valid consent agreement under the Competition Act and on the Competition Tribunal’s role in reviewing consent agreements. Kobo, an eBook retailer, had challenged a consent agreement between the Bureau and four major eBook publishers, which raised questions about the Tribunal’s jurisdiction to rescind or vary consent agreements upon application by third parties. To gain clarity on this issue, the Commissioner filed a reference question with the Tribunal. After considering the issue, the Tribunal issued a reference decision, concluding that its jurisdiction to assess challenges by third-parties is more limited. This decision provides clarity not only to the Bureau but also to other stakeholders involved in competition law in Canada.

3.1.6. Description of significant cases with international implications

34. By sharing information with partners and collaborating on cross-border enforcement, the Bureau is better able to combat anti-competitive business practices that affect Canadians. The Competition Bureau collaborated with international partners on 19 investigations.

35. The Bureau also strengthened its network of international partners by signing Memoranda of Understanding (MOU) with China’s Ministry of Commerce and National Development and Reform Commission. These two MOUs, together with the MOU signed during the previous fiscal year with China’s State Administration for Industry and Commerce, will further improve the Bureau’s ability to cooperate with Chinese agencies on enforcement matters.

36. Sharing best practices with international counterparts helps protect consumers in businesses. In 2015-2016, the Bureau conducted 15 formal bilateral meetings with other competition authorities, including the fair trade commissions of South Korea and Japan. The Bureau also attended a trilateral meeting with the United States and Mexico to discuss more effective regional collaboration across North America. In addition, the
Bureau provided technical assistance in training to the Ecuadorian competition authority, presented on investigative techniques at a United Nations Workshop in Colombia, participated in staff exchanges with counterparts in France and Hong Kong, and hosted study visits with representatives from Singapore and Vietnam.

37. The Bureau helped develop best practices in competition policy with international counterparts by taking an active leadership role in organizations like the International Competition Network (ICN), which seeks to enhance collaboration and promote convergence in competition laws and practices among its members. As an executive member of the ICN Steering Group, the Commissioner of Competition helps set the ICN’s annual work program and guides the overall direction of the organization. The Commissioner also acts as liaison between the ICN and the Competition Committee of the OECD to ensure alignment in the work of those two important bodies.

38. The Bureau contributed to international discussions on competition and consumer matters through work with the Organisation for Economic Cooperative Development (OECD). The Bureau coordinated four OECD Competition Committee meetings, including the 2015 Global Forum on Responsible Business Conduct. The Bureau also made several submissions and presentations and supported several projects of the Committee on Consumer Policy that aim to help public authorities develop effective consumer policies.

39. The Bureau also continued to play a significant role in the International Consumer Protection and Enforcement Network (ICPEN), which brings together agencies from more than 60 countries to share intelligence, discuss best practices and tackle problems faced by consumers around the world. The Bureau gave multiple presentations at ICPEN conferences and workshops and participated in and co-led several ICPEN working groups, including Online Reviews and Endorsements Project Working Group and the Complaints Analysis Working Group.

40. Canadian businesses, schools and government departments collectively purchase more than $500 million in office supplies each year. Competition is critical in keeping these costs down. When Staples and Office Depot (which operated in Canada as Grand & Toy) proposed merging, the Bureau worked closely with the U.S. Federal Trade Commission (FTC) to weigh the potential impact. This resulted in the first-ever simultaneously litigated challenge to a merger in Canada and the United States – and demonstrates the Bureau’s commitment to strong international relationships to protect competition in Canada.

41. The Bureau’s investigation found that if Staples were to acquire its main competitor, it would account for more than 80 percent of all office supply sales in Canada. To protect consumers in both countries from paying higher prices, the Bureau and the FTC filed simultaneous challenges in December 2015 to block the merger, working closely with each other to review the case details.

42. The Bureau conducted an investigation into anti-competitive clauses in certain types of contracts by Google, which negatively affected advertisers. This followed an investigation by the FTC into the same matter, which resulted in Google agreeing to change their contract terms and conditions in order to restore competitiveness to the US
marketplace. However, Google’s commitments to the FTC did not specifically address competition concerns in Canada, nor did they apply to both its English-language and French-language terms and conditions. In response to the Bureau’s concerns, Google agreed not to reintroduce the restrictive clauses in Canada or to introduce any other clauses that may have the same effect, in either its English-language or French-language contracts.

3.2. Mergers and acquisitions

3.2.1. Parkland

43. The Bureau achieved its first ever mediated settlement with the Tribunal in the Parkland Fuel Corporation (Parkland) and Pioneer Energy merger. Parkland is an oil and gas company that operates or supplies close to 700 retail gas stations in Canada. The company had proposed to acquire an additional 181 corporate gas stations from Pioneer, plus 212 supply agreements in Ontario and Manitoba. When the Bureau reviewed this proposed merger to assess the effect on competition, it concluded that the parties’ post-merger market shares in these communities would be between 39 and 100 percent; and as these markets become more concentrated, the likelihood of price coordination between remaining retailers increases. The Bureau therefore sought an injunction requiring that Parkland preserve and operate the acquired Pioneer assets independently in these communities, until the Tribunal reached a decision on the matter.

44. In order to resolve this complex matter, the Commissioner and Parkland agreed to have it mediated by the Tribunal. The Bureau welcomed mediation as an additional tool for reaching mutually agreeable resolutions that achieve desirable competitive outcomes in an efficient manner. The move was also well-received by the competition bar, with lawyers commenting that mediation could be a useful tool to quickly resolve disputes that might otherwise delay merger closings, and suggesting that mediation could be the way of the future when it comes to merger challenges under the Act. The consent agreement between the Commissioner and Parkland was the first of consent agreement to be reached through mediation.

3.2.2. Statistics on number, size and type of mergers notified and/or controlled under competition laws

45. Under the Act, mergers of all sizes and in all sectors may be reviewed to ensure they do not reduce or prevent competition. These reviews consider everything from economic concentration in the relevant industry to how much of the market the merging companies already own. If a merger is likely to affect competition, the Bureau may apply to the Tribunal for an order to prevent, dissolve or alter it. The Bureau may also negotiate a consent agreement with the purchaser to resolve its concerns.

46. The Bureau completed 221 merger reviews in 2015–16, including 65 complex reviews (up from 55 complex reviews the year before). The Bureau met its service standard for timely review in 96 percent of non-complex cases and 85 percent of complex cases, with the average review taking respectively 36.40 days and 10.85 days for complex and non-complex cases. The Bureau entered into consent agreements to resolve seven cases, including Pfizer/Hospira, BCE/Rogers/Glentel and Iron Mountain/Recall. The Bureau also completed reviews of several other high-profile transactions such as Shaw/Wind Mobile and Renaud-Bray/Archambault.
4. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies

47. The Bureau actively promoted and advocated for a more competitive marketplace in 2015-16, emphasizing smart regulation that does not unduly limit - or even restores - competitive forces in markets while achieving legitimate regulatory objectives. Highlights include 25 advocacy initiatives, including a white paper on the modernization of taxi regulations in Canada that was cited by regulators in their decision-making. The Bureau also held a one-day Workshop on Emerging Competition Issues focusing on disruptive business models and non-price effects. The Bureau made a number of submissions to regulators, including submissions on ride-sharing, a submission on Canada’s national payment systems and a submission to consultations led by the Canadian Radio-television and Telecommunications Commission (CRTC).

4.1. Ride-sharing

48. Ride-sharing services like Uber have become increasingly popular by offering Canadians lower fares, shorter waits and, in many cases, better service than traditional taxis. However, cities struggled to establish effective regulation frameworks for these new business models.

49. Recognizing the need to advocate swiftly for fair competition and innovation in the marketplace, the Bureau issued a white paper in November 2015 calling on regulators to overhaul and modernize Canada’s taxi industry regulations. In this document, the Bureau recommended that regulators relax the burdensome restrictions already imposed on taxis (such as the tightly controlled fares and limited number of license plates issued) and establish appropriate regulations on ride-sharing services. The Bureau also noted that any new regulations imposed should be no more intrusive than needed and done so only to achieve legitimate policy goals, such as ensuring passenger and driver safety, so that ride-sharing providers and taxi drivers alike — and their customers — can reap the benefits of increased competition and innovation. This intervention has already had a direct impact on the transportation services of many municipalities across Canada, with cities like Ottawa, Edmonton, Toronto and Calgary citing the recommendations made in the Bureau’s white paper when revising their taxi regulations — making it one of the strongest, highest impact examples of the Bureau’s advocacy work to date.

4.2. Mobile Payments

50. As more consumers adopt digital wallets and mobile payment technologies, increased competition in the payments space could bring significant benefits to consumers and merchants. That is the message the Bureau presented to the Department of Finance Canada in response to their call for comments regarding oversight of the national payment systems in June 2015. The Bureau’s submission advocated that new oversight measures should ensure that consumers have the flexibility to switch between different payment services and methods, both within their mobile wallets and between mobile wallets. This measure would incentivize competition on both quality and price. The Bureau also advocated that merchants be able to opt-out of accepting emerging payment technologies, and those who do accept them be allowed to apply surcharges to those methods of payment. These two measures in tandem are likely to stimulate competition between payment service providers, reduce card acceptance fees and decrease the risk of
those fees being passed on by merchants to consumers, leading to lower retail prices for all consumers.

4.3. Broadcasting

51. The wholesale agreements between television service providers and channel owners can lead to the creation of bundles of channels (often with only one or two channels a subscriber actually wants) rather than allowing consumers to pick and choose the channels they prefer. Building on submissions to the CRTC on Let’s Talk TV hearings in 2014, the Bureau made further submissions in response to a call for comments on a proposed wholesale code of conduct which would govern wholesale agreements. The Bureau successfully advocated that the CRTC carefully consider the impacts of certain terms to these agreements that have led to channel bundling, and their potential impact on television service providers’ incentive to offer consumers increased flexibility and choice in a “pick-and-pay” environment. The Bureau also gave support to a CRTC proposal that would incentivize online video-on-demand providers to let consumers subscribe to online video-on-demand services without having to be a television or internet service subscriber to that online video-on-demand provider, encouraging greater competition while providing Canadians more flexibility in how they watch video content, and from whom they purchase television and internet services.

4.4. Intellectual Property Rights

52. IP rights have become increasingly important in a knowledge-based economy. The Bureau made it a priority to help businesses — especially those in the pharmaceutical industry — understand how we deal with competition IP issues such as patent settlements. Following extensive consultations, the Bureau released an updated version of the Intellectual Property Enforcement Guidelines in March 2016 to incorporate the latest Canadian case law, as well as recent enforcement experience in Canada and abroad. The Bureau will review the guidelines annually and revise them as needed to keep pace with the changing economic and technological environments.

4.5. Compliance

53. The Bureau used all available enforcement tools to increase compliance with Canada’s competition laws. The Bureau worked diligently to prevent and deter anti-competitive or deceptive conduct that could threaten the health, growth or confidence in the Canadian economy. Enforcement tools used by the Bureau fall into two main categories. The first category is facilitating voluntary compliance by encouraging businesses and individuals to take action to comply or to maintain compliance with the Act. The second category is promoting resolutions to non-compliance by responding to, and resolving, alleged non-compliance with the Act, through either consent agreements, other consensual means, or through litigation.

54. In 2015-2016, the Bureau facilitated voluntary compliance through a number of means. The establishment of a Compliance Unit positively impacted the Bureau’s ability to promote compliance. The Bureau’s Corporate Compliance Programs bulletin, which is designed to help businesses of all sizes develop credible and effective compliance program, was updated and pays special attention to the needs of small and medium sized businesses. It was viewed over 3,200 times that year.
55. The Bureau gave 12 compliance presentations to Canadian stakeholders, ranging from law firms, business and trade associations, to academia and government officials. These delivered greater impact as a result of the Bureau’s relationships with international and domestic partnerships, including a corporate compliance workshop held jointly with the International Chamber of Commerce, and a joint presentation, on bid-rigging and compliance programs, with the Bureau’s Cartel Directorate to the City of Saskatoon and other local procurement authorities.

56. The Compliance Unit shared best practices with foreign anti-trust agencies and promoted the Bureau as a leader in corporate compliance internationally. The Bureau’s reach was extended through the use of new media, which delivers pertinent information in a format that is easy to consume. The Bureau’s compliance video was viewed over 8,000 times. The Bureau website’s Corporate Compliance Portal offers resources to assist businesses and trade associations to recognize and prevent anti-competitive conduct, including how to establish effective compliance programs within their organizations. The Portal was visited more than 3,800 times. The Bureau published 64 publications over the course of the year, including information bulletins, videos, position statements and the aforementioned enforcement guidelines.

5. Resources of competition authorities

5.1. Resources overall (current numbers and change over previous year):

57. The Bureau’s budget for 2015–16 was $49.3 million, including approximately $10.5 million from user fees, compared to a budget of $49.1 million, including approximately $10.4 million from user fees in 2014-15. Expenditures were $47.6 million, consisting of $33.1 million in salaries for 362 full-time equivalents (FTEs) and $14.5 million in non-salary expenses, in 2015-16, while expenditures for 2014-15 were $48.3 million, consisting of $33.5 million in salaries for 368 full-time equivalents (FTEs) and $14.8 million in non-salary expenses.

5.1.1. Annual budget (in your currency and USD):

58. The Bureau’s budget for 2015–16 was $49.3 million, ($38.7 million USD)²

5.1.2. Number of employees (person-years):

59. 394 employees work at or with the Bureau. This includes 30 employees from the Department of Justice and PPSC who are dedicated to providing legal services to the Bureau. In the two enforcement branches, Competition Law Officers are typically Economics or Law graduates. The Bureau has approximately 99 lawyers, 91 economists and 26 other professionals.

5.2. Human resources (person-years) applied to:

60. 263 employees are dedicated to competition enforcement, which includes 30 employees from the Department of Justice and the PPSC who are dedicated to the Bureau. 52 employees work in the Mergers Directorate, 75 are in the Cartels Directorate,

² Based on the CAD-USD exchange rate as of 11 November, 2017.
32 in the Monopolistic Practices Directorate and 57 employees fill other roles such as advocacy.

5.3. Period covered by the above information:

61. The above information covers fiscal year 2015-16.

6. Conclusion

62. In 2015-2016, the Bureau focused on continuous and incremental improvement as it worked to ensure that consumers and businesses alike reaped the benefits of a more competitive and innovative marketplace. Going forward, the Bureau will continue to focus on continuous improvement to its principled, targeted enforcement program, supported by strategic advocacy and compliance outreach to advance greater competition and innovation in all sectors of Canada’s economy.