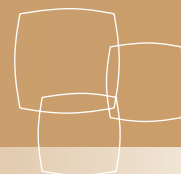




Competition Bureau
Canada

Bureau de la concurrence
Canada



THE 4 Cs OF COMPETITION



COMPLIANCE



COMMUNICATION



COLLABORATION



CANADIANS

ANNUAL REPORT OF THE COMMISSIONER
OF COMPETITION FOR THE YEAR ENDING
MARCH 31, 2014

Canada 

This publication is not a legal document. It contains general information and is provided for convenience and guidance in applying the *Competition Act*.

For information on the Competition Bureau's activities, please contact:

Information Centre
Competition Bureau
50 Victoria Street
Gatineau QC K1A 0C9

Tel.: 819-997-4282
Toll free: 1-800-348-5358
TTY (for hearing impaired): 1-800-642-3844
Fax: 819-997-0324
Website: www.competitionbureau.gc.ca

This publication can be made available in alternative formats upon request. Contact the Competition Bureau's Information Centre at the numbers listed above.

This publication is also available online in HTML at:
www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03978.html

Permission to reproduce


Except as otherwise specifically noted, the information in this publication may be reproduced, in part or in whole and by any means, without charge or further permission from the Competition Bureau provided due diligence is exercised in ensuring the accuracy of the information reproduced; that the Competition Bureau is identified as the source institution; and that the reproduction is not represented as an official version of the information reproduced, nor as having been made in affiliation with, or with the endorsement of the Competition Bureau. For permission to reproduce the information in this publication for commercial redistribution, please [Apply for Crown Copyright Clearance](#) or write to:

Communications and Marketing Branch
Industry Canada
C.D. Howe Building
235 Queen Street
Ottawa, ON K1A 0H5
Email: info@ic.gc.ca

Cat. No. Iu50E-PDF
ISSN 1700-7003

2016

Aussi offert en français sous le titre Rapport annuel du commissaire de la concurrence pour l'exercice se terminant le 31 mars 2014.



Healthy competition makes our economy stronger and our industries more productive. It creates energy and unleashes innovation. It gives consumers lower prices and better choices, and helps Canadian businesses and consumers prosper.

In 2013–2014, the Competition Bureau focused its priorities through the lens of the **four Cs of competition**: compliance, communication, collaboration and Canadians.

By enforcing Canada's competition laws, enhancing transparency and promoting partnerships with our stakeholders, we continue to promote a marketplace that ensures fairness for all.

TABLE OF CONTENTS

2 THE COMPETITION
BUREAU AT A GLANCE

3 THE YEAR IN NUMBERS

4 MESSAGE FROM
THE COMMISSIONER

C 6 COMPLIANCE

C 11 COMMUNICATION

C 14 COLLABORATION

C 18 CANADIANS

21 PROMOTING COMPETITION BY SUPPORTING
GOVERNMENT INITIATIVES

22 BUILDING INTERNAL CAPACITY

23 FINANCIAL DISCUSSION
AND ANALYSIS

25 APPENDIX:
BUREAU PERFORMANCE DATA

36 GLOSSARY

THE COMPETITION BUREAU AT A GLANCE

ABOUT THE COMPETITION BUREAU

The Competition Bureau (Bureau) is an independent law enforcement agency headed by the Commissioner of Competition (Commissioner). The Bureau is responsible for administering and enforcing Canada's:

- *Competition Act (Act)*
- *Consumer Packaging and Labelling Act* (except as it relates to food)
- *Textile Labelling Act*
- *Precious Metals Marking Act*

The Bureau comprises:

- Four enforcement branches
- Four enforcement support branches

The Bureau also provides funding to support two independent legal support organizations:

- Competition Bureau Legal Services (Department of Justice)
- Competition Law Section of the Public Prosecution Service of Canada

PRIORITIES IN 2013–2014

- Benefit Canadians through focused enforcement and strategic regulatory interventions
- Apply Canada's competition laws in a transparent and predictable manner
- Build trust through enhanced collaboration with stakeholders and enforcement partners

THE YEAR IN NUMBERS

\$572,100,000

Estimated dollar savings to consumers
in 2013–2014 from Bureau actions that
stop anti-competitive activity

\$55,720,000

Fines imposed by the Courts

\$500,000

Administrative monetary
penalties imposed by the
Courts or Tribunal

40

Leniency
markers
granted

82

Immunity
markers
granted

5

Convictions
without guilty
pleas

11

Guilty
pleas

35

Search
warrants
executed

233

Merger
examinations
concluded

21

Publications

598

Media enquiries
received

14,515

Requests received by the
Bureau Information Centre

MESSAGE FROM THE COMMISSIONER



I was honoured to be named Commissioner of Competition in 2013. It is a tremendous privilege to lead an organization of such dedicated, hard-working and skilled public servants.

To protect consumers and promote healthy competition in Canada, we at the Competition Bureau adopted a fresh way of looking at our priorities in 2013–2014, viewing them through the lens of what we call ‘the four Cs’ of competition: compliance, communication, collaboration and Canadians.

These four Cs are essential to every aspect of our work—enforcing Canada’s competition laws (the *Competition Act* and labelling statutes), advocating for competitive markets, pursuing regulatory interventions, and engaging with stakeholders.

We know most businesses want to comply with the law. Our belief is that the most effective way to approach compliance is as a shared objective. When compliance is a collective responsibility, the Bureau and market participants can achieve much more than we could alone.

When businesses engage in anti-competitive behaviour, we will not hesitate to take action to achieve compliance, where appropriate. This report includes several examples of how we did so last year—including securing the largest fine for bid-rigging ever ordered by a Canadian court, and obtaining restitution for car buyers affected by inaccurate advertising.

Clear communication is vital to advancing compliance as a shared objective, both within the Bureau and externally with stakeholders. This includes being more open about our policies, practices and procedures, and applying Canada’s laws in a transparent and predictable manner. In pursuit of that openness, we released our *Action Plan on Transparency*; created outreach products, such as videos to support *The Little Black Book of Scams*; and sought out opportunities to speak with as many of our stakeholders as possible.

Such outreach, of course, creates ties and opens the door to the third C: collaboration. We endeavour to work with partners and stakeholders, including other government departments in Canada as well as competition agencies abroad. This report profiles our collaborative activities here at home, as well as

the groundwork laid for formal collaborations with partners in China, India and elsewhere to advance and protect the interests of Canadians at home and abroad. Domestically, we established Memoranda of Understanding or similar documents with the Canadian Radio-television and Telecommunications Commission, the Office of the Privacy Commissioner of Canada, and Public Works and Government Services Canada. Globally, we took part in—and led—initiatives through fora like the Organisation for Economic Co-operation and Development, the International Competition Network and the International Consumer Protection and Enforcement Network.

All of this work is driven by our view that a competitive marketplace benefits Canada by spurring innovation and economic activity and by delivering more choice and competitive prices to Canadians. That conviction is clear in the dedication of all the highly skilled people who make up our team here at the Bureau.

In the year ahead, we will apply an integrated, whole-Bureau approach to build trust, promote confidence and increase compliance with our legislation, making best use of the full set of tools at our disposal: outreach, advocacy, and enforcement. We will increase our competition promotion efforts while aligning with Government of Canada priorities, and will work even more closely together within the Bureau to increase synergies and efficiency.

We will do all of this with the ongoing aim of ensuring that Canadian consumers and businesses enjoy the benefits of healthy competition.

Sincerely,

John Pecman
Commissioner of Competition



COMPLIANCE

The Bureau works to promote a culture of shared compliance in which each of the Bureau, the business community and the legal community does its part to realize the benefits of healthy competition. However, when anti-competitive behaviour does occur, we will not hesitate to take action, where appropriate, to protect consumers and businesses from harm, seeking fines and other penalties against the companies or individuals responsible.

BATTLE AGAINST BID-RIGGING

Bid-rigging can occur despite the outward appearance of a competitive bidding process. Behind the scenes, two or more parties may secretly agree to influence the process by not submitting a bid, withdrawing a bid, or submitting a bid arrived at by agreement. These tactics can prevent honest businesses from winning contracts that they may otherwise have been awarded and result in inflated prices that harm consumers. Cartels in general are harmful because they typically result in unfair, inefficient, and anti-competitive markets.

In 2013–2014, our most extensive bid-rigging investigation to date made headlines when the Ontario Superior Court of Justice fined Yazaki Corp. \$30 million for its part in an international bid-rigging cartel involving motor vehicle components supplied to Honda and Toyota, two of Canada’s most popular vehicle brands. That particular fine was the largest levied for bid-rigging in Canadian history. Four other companies were also fined, for a combined total of \$49.2 million. During the course of our investigation, we received invaluable assistance from our antitrust partners in Australia, Europe, the United States and Japan. The information sharing that resulted from collaboration with our international partners played a pivotal role in the success of the Bureau’s investigation.

STANDING UP FOR CONSUMERS

Price-fixing is egregious anti-competitive conduct that usually results in higher prices for consumers. In 2013–2014, a Bureau investigation led to criminal charges against four companies and three individuals for conspiring to fix the price of chocolate products in Canada. Hershey Canada Inc. pleaded guilty before the Ontario Superior Court of Justice and was fined \$4 million; the case against the individuals and the other companies—Nestlé Canada Inc., Mars Canada Inc. and ITWAL Limited—remained active as of March 31, 2014.

Our work in the airline cargo industry continued; Cathay Pacific Airways Limited (Cathay) and LATAM Airlines Group S.A. (LATAM) both pleaded guilty to engaging in price-fixing agreement and were fined \$1.5 million and \$975,000, respectively, by the Ontario Superior Court of Justice. To date, the Bureau’s air cargo surcharges investigation has resulted in nine criminal convictions and fines of over \$25 million. In addition to Cathay and LATAM, Cargolux, Air France, KLM,

Martinair, Qantas, British Airways and Korean Air have also pleaded guilty to fixing one or more air cargo surcharges for shipments on certain routes from Canada.

TRUTH IN ADVERTISING

If fair prices are one half of what healthy competition means for consumers, real choice is the other half. Misleading advertising and deceptive marketing practices undermine Canadians’ ability to make objective and informed choices.

In 2013–2014, the Bureau acted to prevent and deter such deceptive conduct. In August 2013, we reached consent agreements with Hyundai Auto Canada Corp. and Kia Canada Inc., outlining steps for the two companies to address inaccurate fuel consumption ratings advertised for their vehicles. Among other things, these consent agreements ensured full compensation for affected customers—owners of the affected vehicles received the cost associated with the difference between advertised and corrected fuel consumption ratings, plus an additional 15 per cent for the inconvenience caused by the misleading advertising.

COMPLIANCE AS A SHARED OBJECTIVE

To encourage shared compliance, we launched a Criminal Cartel Whistleblowing Initiative in the spring of 2013, encouraging the public and the business community to report suspected bid-rigging, price-fixing or other anti-competitive activity under the Act. In doing so, whistleblowers can request that their identity be kept confidential. The initiative ensures that whistleblowers are protected from reprisal by employers.

As part of the 2014 Fraud Prevention Month campaign, we released a video on corporate compliance to encourage companies to establish a culture of compliance within their organizations. The video illustrates the importance of complying with the Act in an easy-to-understand way.

Moreover, to further raise awareness of the anti-cartel provisions in the Act, we released a video on how to recognize and report cartels as part of our first annual Anti-cartel Day in March 2014. This video complements our other communication activities, such as our ongoing publication of guidelines, bulletins and pamphlets to promote compliance with the Act, the *Consumer Packaging and Labelling Act*, the *Textile Labelling Act* and the *Precious Metals Marking Act*.

2013–2014 OPERATIONAL HIGHLIGHTS

DECEPTIVE TELEMARKETING

June 2013–December 2013

The Bureau uncovered evidence of a telemarketing scheme in which a Montreal company deceived businesses in the United States into paying for business directory listings that they had not ordered. In June 2013, Claude Berthiaume received a 12-month conditional sentence and was prohibited from engaging in telemarketing for 10 years after pleading guilty to making false and misleading representations in the Court of Québec. In July 2013, an order of the Superior Court of Québec prohibited Kevin Secours from engaging in telemarketing for 10 years. In December 2013, Gilles Tremblay pleaded guilty to nine counts of deceptive telemarketing under the Act and two counts of fraud under the *Criminal Code*, receiving a conditional sentence of nine months (to be served in the community) and an additional 12 months of probation.

INTERAC

September 2013

Interac Inc. sought flexibility to remain a viable low-cost payment alternative for merchants in an increasingly competitive marketplace. The Bureau assessed the company's request to amend the existing consent agreement governing its business. This included obtaining information from Interac Inc. and numerous market participants, as well as an extensive analysis of the rapidly evolving payments industry. The Bureau concluded that there had been material changes in circumstances and that these changes warranted the requested variation to the consent agreement. In September 2013, the Competition Tribunal approved an amended consent agreement, while retaining safeguards to ensure continued open and non-discriminatory access to the Interac network. The amended consent agreement supports a dynamic and competitive payments industry, which benefits Canadian consumers and businesses.

IMMUNITY AND LENIENCY FREQUENTLY ASKED QUESTIONS (FAQS) UPDATE

September 2013

The Bureau published revised sets of FAQs related to its Immunity and Leniency Programs in September 2013. These programs deliver strong incentives for organizations and individuals to come forward and cooperate with the Bureau's investigations. The updated FAQs provide additional guidance to market participants and address topics such as how the Bureau treats immunity and leniency markers in the context of investigations that it does not intend to pursue. The FAQs also expand on and clarify existing topics, such as the proffer process, indirect sales, and how the Bureau determines its fine recommendations. These FAQs, along with the Immunity and Leniency Bulletins, provide a comprehensive picture of the Bureau's approach to immunity and leniency applications.

MERGER REVIEW

Year-round

Regarding merger review activities, 2013–2014 was a productive and successful year for the Bureau. New filings received and reviews completed were up slightly over the previous fiscal period. Despite an increased workload, the Bureau continued to meet its service standards in 90 percent of its merger reviews (both complex and non-complex); more than 93 percent for non-complex reviews. Additionally, the Bureau maintained these service standards while reducing the average review time for both non-complex and complex reviews by approximately 1.5 days. These improvements in review efficiencies are a result of an ongoing Bureau initiative to streamline its merger review process. While the number of Supplementary Information Requests (SIRs) issued remained unchanged over the previous fiscal year (10 issued in both fiscal years), the number of reviews resulting in a negotiated remedy increased significantly—from three in 2012–2013 to seven in 2013–2014. This increase is largely attributable to the Commissioner's renewed focus on using the full range of tools within the Bureau's power to resolve competition issues or concerns.

AGRIUM/GLENCORE

September 2013

A consent agreement was reached to address concerns that Agrium Inc.'s (Agrium) proposed acquisition of the majority of Viterra Inc.'s retail agri-products business from Glencore International plc would likely lead to a substantial lessening and/or prevention of competition in the retail supply of nitrogen fertilizers to farmers in certain areas of Alberta and Saskatchewan. Under the terms of the consent agreement, Agrium was required to divest seven retail stores and nine anhydrous ammonia businesses—which it did in March 2014. Agrium is also required to supply anhydrous ammonia to the purchaser of the divested assets for up to four years at prices not to exceed those charged to its retail outlets in Alberta and Saskatchewan.

CINEPLEX-LANDMARK/EMPIRE

October 2013

In June 2013, Empire Theatres Ltd. (Empire) announced it had reached an agreement with Cineplex Inc. (Cineplex) for the sale of 24 Empire theatres in Atlantic Canada, as well as two in Whitby and Kanata, Ontario. At the same time, Empire announced it had reached a separate agreement with Landmark Cinemas (Landmark) for the sale of 20 theatres in various other cities in Ontario and Western Canada. The Bureau found the proposed Cineplex acquisition of the Whitby and Kanata theatres would likely lead to a substantial lessening of competition in those markets. Advised of the Bureau's concerns, the parties engaged in further negotiations that lead to Empire selling its two Ontario theatres to Landmark. Consequently, the Bureau provided No Action Letters in October 2013 to both Cineplex and Landmark for their revised transactions, permitting the mergers to proceed.



**“CINEPLEX
REVISED ITS
PLAN TO ACQUIRE
THE WHITBY AND
KANATA THEATRES
IN LIGHT OF
COMPETITION
CONCERNS
IDENTIFIED BY
THE BUREAU.”**



SOBEYS/SAFEWAY

October 2013

A consent agreement was reached to address concerns that Sobeys' proposed acquisition of the assets of Canada Safeway might reduce consumer choice and raise retail grocery prices in parts of Western Canada. The agreement required Sobeys to divest itself of 23 stores in Alberta, British Columbia, Manitoba and Saskatchewan. As of February 13, 2014, all but one of the stores had been sold. The Bureau expects the remaining Sobeys grocery store (Price Chopper Stafford Square, in Winnipeg) to be sold in accordance with the consent agreement.

LOBLAW/SHOPPERS DRUG MART CORP.

March 2014

A consent agreement was reached to address concerns that Loblaw's proposed acquisition of Shoppers Drug Mart Corporation would likely increase prices, decrease services and reduce product variety and innovation in the retail sale of pharmacy products and drugstore-type merchandise in certain local markets in Canada. The agreement also addressed concerns that the transaction might lead to higher wholesale prices paid by other retailers to suppliers. It required the sale of 18 retail stores and nine pharmacies within Loblaw stores to independent operators and contained certain behavioural restrictions on Loblaw programs and agreements with suppliers for up to five years from the date of closing the proposed transaction. The Bureau will continue to investigate Loblaw's programs, agreements and conduct related to pricing strategies and programs with suppliers that reference competitor prices.

CRIMINAL BREACH OF A CONSENT AGREEMENT

February 2014

In February 2014, Matthew Hovila, of Edmonton, Alberta, was sentenced to 15 months in jail for contravening the criminal false or misleading representations provisions of the *Competition Act*, and an additional 15 months in jail for breaching a court order. Mr. Hovila also pleaded guilty to being in possession of proceeds of crime under the *Criminal Code* and was sentenced to an additional year in jail, to be served concurrently. Another hearing is set for later in 2014 in relation to restitution to the victims of the online job opportunities scam. In June 2013, Mr. Hovila was found guilty under the Act of making materially false or misleading representations with respect to finding employment in the oil and gas industry on his former website and of contravening a consent agreement registered with the Competition Tribunal. This was the Bureau's first conviction for the contravention of a registered consent agreement.

TORONTO REAL ESTATE BOARD (TREB)

February 2014

In February 2014, the Bureau's case against TREB, regarding restrictions on access to and use of data in the Multiple Listing Service (MLS) system by member agents, was returned to the Competition Tribunal by the Federal Court of Appeal for re-consideration; the Federal Court of Appeal overturned the Tribunal's decision, agreeing with the Bureau that the Tribunal erred in its decision. In 2013, the Tribunal dismissed the Bureau's application for an order against TREB under section 79 of the Act, holding that TREB does not compete with its members and, therefore, the restrictions on the use of the MLS are not an abuse of dominance. The Bureau appealed the decision, arguing that the Tribunal relied on an overly narrow interpretation of the Act.

The Bureau originally brought the case to the Tribunal in May 2011.



COMMUNICATION

Two-way communication is the foundation of shared compliance—a way of fostering constructive dialogue and establishing common ground. In 2013–2014, we worked actively to facilitate open communication both within the Bureau and externally with stakeholders, to improve our policies, practices and procedures.

TOWARD GREATER TRANSPARENCY

Communication goes hand in hand with transparency, certainty and predictability—all of which are essential to the Bureau's outreach work. At the Canadian Bar Association 2013 Spring Forum, we unveiled our *Action Plan on Transparency*. It is our plan to promote the development of a more cost-effective, efficient and responsive agency, all the while providing Canadians with more opportunities to learn about our work. It lists a series of strategies for achieving our goals, including consulting with stakeholders on important issues, developing new bulletins and guidelines, publicizing the outcomes of inquiries, and establishing guiding principles for stakeholder and investigation-related communications.

At the Bureau, we strive to be an organization that not only promotes awareness of our work, but also listens to what Canadians are saying. In 2013–2014, we sought input from Canadians on our draft information bulletin Communication during Inquiries, which summarizes how and when we will generally communicate with parties under inquiry to promote transparency and compliance with the Act. We also sought input from Canadians on our draft Enforcement Guidelines entitled *Price Maintenance (Section 76 of the Competition Act)*, which describe our general approach to enforcing section 76 of the Act as it relates to common business practices, such as minimum resale pricing, suggested resale pricing and minimum advertised pricing.

Lastly, following extensive consultations, we implemented measures to improve the efficiency of our merger reviews in the oil and gas sector, where we perform a large number of merger reviews. Specific measures include providing greater clarity to stakeholders—particularly the legal community—on information required by the Bureau to complete a merger review and the creation of decision criteria for assessing certain upstream oil and gas transactions. We will continue to examine other areas for enhancing efficiencies, including how we review non-complex mergers and the document review process for complex mergers where a Supplementary Information Request is issued.

**“BUREAU OFFICIALS
DELIVERED A
TOTAL OF
169 SPEECHES TO
AUDIENCES.”**

ACTIVELY REACHING OUT

Furthering our commitment to communication, Bureau officials delivered a total of 169 speeches to audiences as near as the Canadian Bar Association in Ottawa and as far as the Indian Institute of Management (Kashipur) in New Delhi, India. These engagements were part of our effort to reach out, share our vision with stakeholders, and connect with potential partners. To inform Canadians of our activities, significant speeches were posted on the Bureau's website. As of March 31, 2014, these speeches were accessed nearly 7,800 times.

In addition, over the course of the year, we published 21 bulletins and 11 position statements on a wide range of industries, including retail grocery, telecommunications and cash-solutions services. These position statements provide valuable information to our stakeholders and the general public on how the Bureau carries out its analysis, summarizing the results of important investigations, inquiries and reviews conducted under the Act.

Lastly, our Information Centre plays a key role in promoting awareness of the Bureau directly to the public and supporting our enforcement activities. In 2013–2014, the Information Centre responded to 14,515 information requests from members of the public via telephone, fax, mail and Internet. Additional information regarding the types of complaints we receive can be found in Table 2.1 of the Appendix.



2013–2014 OPERATIONAL HIGHLIGHTS

STATE-OWNED ENTERPRISES

May 2013

In May 2013, the Bureau provided the legal community with guidance regarding its approach to information gathering in merger reviews involving state-owned enterprises (SOEs). Specifically, the Bureau underlined the fact that reviews involving SOEs are treated the same as all other merger reviews in terms of information gathering standards and analytical techniques. SOEs, like any other parties, are expected to disclose and provide information regarding any affiliates (i.e. other corporations that are ultimately controlled by the same foreign state) whose activities potentially overlap with the businesses of the merging parties. Where parties are unable to provide this information, and the Bureau believes the information is necessary to complete a review, the Bureau may not be able to issue clearance in the form of an Advance Ruling Certificate or a No Action Letter.

COMMUNICATIONS AND MEDIA RELATIONS

Year-round

Communicating with our stakeholders is an important part of our work. Over the course of the year, we issued:

- 17 announcements related to domestic and international cartels
- 8 announcements related to abuse of dominance
- 22 announcements related to false and misleading advertising
- 12 announcements related to merger reviews

- 22 announcements related to non-enforcement actions, such as staffing, international cooperation and Memoranda of Understanding
- 4 announcements related to strategic regulatory interventions and advocacy
- 12 CB-in-Briefs, a web-based monthly news digest for stakeholders, media and the general public

We responded to 598 enquiries from journalists in Canada and abroad, contributing to approximately 10,290 print, radio, television and online media reports on matters related to the Bureau's work, up from 7,830 the previous year. Table 6.1 (Appendix) shows the five issues that generated the most media coverage in 2013–2014.

WEBSITE AND SOCIAL MEDIA

Year-round

We revamped the Fraud Prevention section of our website to make information easier to find and developed a new section on corporate compliance to help businesses develop and maintain effective internal compliance programs. Building on the launch of our corporate Twitter account the previous year, we went live with a Facebook page and YouTube channel to increase our social media presence and the reach of our announcements. As well, 10 speeches delivered by Bureau representatives were published on our website.



COLLABORATION

We expect to achieve far greater benefits for Canadian businesses and consumers by working together with partners. In 2013–2014, we pursued collaborations with organizations in Canada and abroad, building a Bureau whose reach is not strictly limited by its resources or jurisdictional boundaries.

MUTUAL UNDERSTANDING, COMBINED IMPACT

The Bureau is moving to a collaborative, horizontal approach where we engage our stakeholders, including enforcement partners and Canadian consumers. This helps us increase our expertise and the impact of our enforcement activities. Furthermore, this builds more effective and efficient competition enforcement both within Canada and globally.

In 2013–2014, we increased our opportunities for collaboration through a number of Memoranda of Understanding (MOU) or similar documents with national partners, including two with the Canadian Radio-television and Telecommunications Commission (CRTC). The first of these was a Letter of Agreement that will allow us to cooperate more closely with the CRTC on matters affecting the telecommunications and broadcasting sectors. The second was a MOU with the Office of the Privacy Commissioner of Canada and the CRTC—setting out a framework for information-sharing and coordinated enforcement related to Canada’s new Anti-Spam Legislation.

We also collaborated with the Department of Public Works and Government Services Canada (PWGSC) to strengthen our collective ability to prevent, detect, report and investigate possible cartel activity affecting Canadians. As part of the MOU, the Bureau and PWGSC will share information relating to procurement processes and real property transactions by way of collaboration in the areas of enforcement, education and awareness.

In 2011, the Quebec provincial police force, the Sûreté du Québec, created a Permanent Anti-Corruption Unit (UPAC). UPAC coordinates investigations of corruption and collusion in the Quebec public system. Our partnership with UPAC has seen us cooperate on a number of investigations, including one that resulted in 77 charges being laid against nine companies and 11 individuals in the construction industry in connection with a collusion scheme in the Saint-Jean-sur-Richelieu region near Montreal.

ADVANCING CANADIAN INTERESTS AT HOME AND ABROAD

In the global economy, promoting healthy competition seldom stops at a nation’s borders. Working cooperatively with competition authorities in other jurisdictions has become an

essential part of our work, facilitating communication and trust, allowing us to exchange best practices, and enhancing our ability to address competition issues that cross borders.

Guided by our International Strategy initiated in 2012–2013, last year we strengthened our relationships with key international counterparts. We advanced relations with three Chinese competition authorities over a number of meetings and began negotiating MOUs with two of them. We also participated in the Latin American Competition Forum of the Organisation for Economic Co-operation and Development (OECD), hosted colleagues from the Japan Fair Trade Commission and initiated negotiations toward a MOU with India’s competition authority. All these international partnerships support the Bureau’s effort to ensure that Canadian businesses benefit from competitive markets in Canada and abroad.

We worked with the United States Federal Trade Commission and Department of Justice to jointly publish a set of *Best Practices on Cooperation in Merger Investigations* promoting effective coordination between the agencies. The document sets out practices for our two agencies to apply when reviewing the same merger—streamlining the administrative burden on businesses while, at the same time, increasing transparency to the legal and business communities.

SHARING SPECIALIZED KNOWLEDGE

In 2013–2014, we worked with industry specialists to strengthen our understanding of how healthy competition can be promoted domestically and globally. For example, in October 2013, we co-hosted a one-day workshop with the University of Ottawa’s Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic to explore the areas of e-commerce and online advertising. The workshop—which involved Canadian, American, British and Australian academia, and marketing, advertising and law enforcement experts—will enhance our ability to address such topics on behalf of Canadians.

In November 2013, we held a workshop to explore competition issues in the pharmaceutical sector. The workshop was attended by approximately 100 representatives from domestic and international government agencies, such as Health Canada and the United States Federal Trade Commission, the pharmaceutical sector, the legal community and academia. We heard stakeholders’ perspectives on potential competition law implications of practices that could impact competition between branded and generic pharmaceuticals.

2013–2014 OPERATIONAL HIGHLIGHTS

NORTH AMERICAN MARKETPLACE

February 2014

In February 2014, we met with the heads of the United States Federal Trade Commission, the United States Department of Justice Antitrust Division and the Mexican Federal Economic Competition Commission to discuss cooperative antitrust enforcement in the interconnected North American marketplace.

INTERNATIONAL CONSUMER PROTECTION AND ENFORCEMENT NETWORK (ICPEN)

September 2013

Working with members of ICPEN, the Bureau coordinated an Internet sweep, targeting misleading and inadequate information disclosure in children's online games and applications. The sweep facilitated further action by each agency, ranging from education to enforcement. Consumer protection agencies from around the world took part.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

Year-round

The Bureau contributed to discussions of the OECD Competition Committee on promoting cooperation and convergence in competition law policy and enforcement. It participated in three meetings of the OECD Competition Committee and contributed to discussions on topics, including information sharing, cartel detection and generic pharmaceuticals.

In 2013–2014, the Bureau made submissions to the OECD entitled “Ex-Officio Cartel Investigations and the Use of Screens to Detect Cartels” and “Fighting Corruption and Promoting Competition”. The submission on ex-officio investigations outlines methods used by the Bureau to detect cartels outside of immunity and leniency, including the Bureau's Information Centre; our partnerships with police forces; our outreach in the procurement, business and legal communities; and the

Bureau's Criminal Cartel Whistleblowing Initiative. The submission was considered during the OECD Competition Committee Roundtable in October 2013.

The submission on fighting corruption and promoting competition discusses the efforts that the Bureau has made to strengthen its partnerships with various police forces, procurement authorities and other anti-corruption officials. It also provides examples in which these partnerships have led to the detection and deterrence of collusion and corruption in Canada. The submission was considered during the OECD Competition Committee Roundtable in February 2014.

The Bureau also worked extensively with the OECD Committee on Consumer Policy on the development of the Consumer Policy Guidance on Mobile Payments, which was published in February 2014. The guidance is intended to shape consumer protection and industry practices in the area of mobile and online payments in a manner that will remain relevant as the technology evolves.





INTERNATIONAL BAR ASSOCIATION/ AMERICAN BAR ASSOCIATION

Year-round

The Bureau also contributed significantly to the International Bar Association/American Bar Association International Cartel Workshop held in Rome in February 2014. The Bureau planned, organized and participated in a panel with seven other agencies based on a hypothetical scenario involving an international cartel investigation. The Commissioner also participated on an 'International Enforcers' panel with several other agencies.

INTERNATIONAL COOPERATION

Year-round

To further advance our International Strategy, the Bureau focused on diversifying partnerships in Asia-Pacific and Latin America. We initiated relationships with key counterparts by securing cooperation instruments with the agencies in India and Brazil. The Bureau continued collaboration with existing partnerships and developed potential partnerships. In one case, we began negotiations with Colombia for a cooperation instrument pursuant to the Canada-Colombia Free Trade Agreement.

FREE TRADE AGREEMENTS

Year-round

The Bureau is the lead in negotiations of the Competition Policy chapter in Canada's Free Trade Agreements on behalf of the Government of Canada. Ongoing negotiations are with the European Union, Korea, Japan and the Trans-Pacific Partnership.

MARKET SURVEILLANCE ADMINISTRATOR OF ALBERTA MEMORANDUM OF UNDERSTANDING

March 2014

The Bureau and the Market Surveillance Administrator of Alberta (MSA) signed a Memorandum of Understanding for continued and more detailed cooperation between the two agencies. The arrangement will provide greater certainty to stakeholders in situations involving overlapping mandates between the two agencies, including mergers in the Alberta energy sector.

INTERNATIONAL COMPETITION NETWORK (ICN)

Year-round

The ICN advocates the adoption of superior standards and procedures in competition policy around the world; formulates proposals for procedural and substantive convergence; and seeks to facilitate effective international cooperation for the benefit of member agencies, consumers and economies worldwide. The Bureau exchanges enforcement experiences through the ICN, which provides a platform to develop practical guidance and best practices to increase cooperation and convergence on enforcement and advocacy. We continue to play a key role in its growth, serving as the ICN Secretariat, as well as participating on the ICN Steering Group and various working groups, including the:

- ▶ Advocacy Working Group
- ▶ Agency Effectiveness Working Group
- ▶ Cartel Working Group
- ▶ Merger Working Group
- ▶ Unilateral Conduct Working Group

The Bureau holds a significant leadership role in the ICN. The Commissioner serves on the Steering Group, which guides the ICN's annual program of work. We continued to act as the ICN Secretariat, coordinating the activities of ICN Working Groups and maintaining ICN operations. The Bureau also co-chaired the Cartel Working Group subgroup 2, which deals with enforcement techniques. As co-chairs of subgroup 2, the Bureau took a lead role in planning and organizing the 2013 Cartel Workshop held in October in Cape Town, South Africa. The Workshop brought together agency and non-government agency participants from around the world to discuss common cases and best practices.



CANADIANS

Our ultimate goal is to ensure that Canadian consumers and businesses prosper in a competitive and innovative marketplace. That means the welfare of Canadians is factored into every decision we make and every action we pursue.

ADVOCATING FOR COMPETITIVE MARKETS

From September to November 2013, we invited Canadians to identify industries where we might advocate for increased competition. The input allowed the Bureau focus its advocacy activities in sectors of interest to Canadians. Two of these sectors were the pharmaceutical and telecommunication industries.

In pharmaceuticals, the Bureau submitted a letter to the Alberta College of Pharmacists about the use of loyalty programs related to pharmacist services and the sale of prescription drugs. This helped raise the profile of the issue among regulators across the country and laid the foundation for our report on restrictions on advertising in self-regulated professions.

With respect to telecommunications, we provided written submissions to the CRTC regarding the effect that roaming agreements have on competition in Canadian mobile wireless markets. These submissions observed that the terms and conditions imposed in mobile wireless roaming agreements, including the rates charged by Canada's largest wireless companies to new entrants, were being used as a strategic tool to reduce the new players' ability to offer competitive prices and choices to consumers. Taking note of our position on the competitive impact of these roaming agreements, the CRTC took steps to address the pricing behaviour of the three incumbent wireless companies with regard to wholesale roaming.

In addition to our efforts to encourage competition in these industries, we also worked to promote compliance with the Act and the other legislation we enforce. In February 2014, the Ontario Superior Court of Justice issued its decision in the Rogers-Chatr case. While the court concluded that Rogers' claims were not false or misleading, it found that Rogers did not conduct adequate and proper tests in some Canadian cities prior to making its "fewer dropped calls" claims. Rejecting the argument that Rogers had exercised due diligence before making these performance claims, the Court ordered Rogers to pay an administrative monetary penalty of \$500,000.

EMPOWERING CANADIANS TO PROTECT THEMSELVES

The success of the Canadian edition of *The Little Black Book of Scams* in 2012–2013 proved that awareness is a powerful defence against deceptive conduct for consumers and small businesses. Building on the popularity of the anti-fraud reference guide, in March 2014, we premiered a series of four



animated videos for Fraud Prevention Month. These videos profile some of the most common scams included in *The Little Black Book of Scams*: small business scams, employment scams, Internet scams and mobile phone scams. The videos—all under two minutes long—demonstrate the tactics used to deceive consumers and businesses, and show Canadians how they can protect themselves and their families from fraud.

SEEKING FAIRNESS FOR RETAILERS

Promoting competition means protecting businesses from unfair practices just as it means protecting consumers. In December 2010, the Bureau filed an application with the Competition Tribunal to strike down restrictive rules that Visa and MasterCard imposed on merchants who accept their credit cards. The Commissioner alleged that these rules effectively eliminated competition between Visa and MasterCard for merchants' acceptance of their credit cards, resulting in increased costs to businesses and, ultimately, consumers. While the Tribunal dismissed the Bureau's application, it also found that Visa's and MasterCard's conduct influenced upwards the price of credit card services in Canada and had an adverse effect on competition. The Tribunal also noted that regulation of the industry would provide a more appropriate solution than any remedy that it could impose.

Following a careful review of the Tribunal's decision, the Bureau decided not to appeal, instead focusing its efforts on identifying alternate means of addressing competition issues in the supply of credit card services in Canada. The Government of Canada committed in its 2014 budget to "work with stakeholders to promote fair and transparent practices and to help lower credit card acceptance costs for merchants, while encouraging merchants to lower prices to consumers".

2013–2014 OPERATIONAL HIGHLIGHTS

LEON'S FURNITURE LIMITED (LEON'S) AND THE BRICK LTD. (THE BRICK)

July 2013

In support of Canadians' interests, the Bureau commenced legal action against Leon's and The Brick for what it believes are deceptive marketing practices. Our investigation into promotions offering 'buy now, pay later' options revealed, among other things, that many customers were required to pay up-front fees despite the 'buy now, pay later' promotions. As a result, the Bureau filed an action with the Ontario Superior Court of Justice to end this type of alleged deceptive advertising, seeking administrative monetary penalties against both Leon's and The Brick, as well as refunds for customers who paid so-called administration or processing fees. The case remained active as of March 31, 2014.

RESIDENTIAL WATER HEATERS

August 2013

In December 2012, the Bureau filed applications with the Competition Tribunal against Reliance Comfort Ltd. Partnership (Reliance) and Direct Energy Marketing Ltd. related to practices that were alleged to intentionally suppress competition and restrict consumer choice in the water heater industry. In March 2013, the Tribunal denied Reliance's request for an order striking or amending the application filed against it. In August 2013, Reliance's appeal of the decision was denied, as was its leave to appeal to the Supreme Court of Canada. These applications continue before the Tribunal.

SUBMISSIONS AND REGULATORY INTERVENTIONS

January 2014

In February 2014, the CRTC initiated a proceeding to determine whether wholesale mobile wireless services markets are sufficiently competitive now and will be sufficiently competitive in the future. Pursuant to section 125 of the Act, we provided a submission to the CRTC in respect of this proceeding. In the submission, we identified circumstances where incumbent wireless service providers can use their market position to disadvantage entrants.

The Bureau also provided a submission to the City of Toronto as part of its Taxicab Industry Review. The submission advocates for a regulatory framework that would benefit Canadians by providing them with more urban transportation options at competitive prices.

EBOOKS

February 2014

The Bureau considers the digital economy to be an important and growing sector in Canada. Following an 18-month investigation into the ebook industry, the Bureau signed a consent agreement with Hachette Book Group, HarperCollins, Macmillan and Simon & Schuster that saw the four publishers agree to remove or amend clauses in their distribution agreements. The Bureau alleged that the publishers engaged in conduct that reduced competition for ebooks in Canada, contrary to the civil competitor collaboration provision in section 90.1 of the Act. Since the registration of the Consent Agreement, a third party affected by the agreement has filed a motion with the Competition Tribunal under section 106(2) of the Act to rescind or vary the agreement.

PROPANE MARKET REPORT

February 2014

In February 2014, the Ministers of Natural Resources and Industry requested that the Bureau and the National Energy Board (NEB) work together to determine the causes of high propane prices and supply shortages in Canada this past winter. In March 2014, the Bureau and the NEB publicly released a preliminary report that provided an overview of the Canadian propane industry, current propane supplies, and initial perspectives on the factors that may have contributed to high prices and propane shortages. The final report, which will describe the causes of these market issues and make recommendations, where appropriate, on how to avoid similar issues in the future, will be released early in the next fiscal year.



PROMOTING COMPETITION BY SUPPORTING GOVERNMENT INITIATIVES

The Bureau continued to work with the Department of Industry and other government departments to advance competition principles by providing input into various legislative, regulatory and policy initiatives. Another area of focus for the Bureau was the implementation of the federal public service transformation agenda, which aims to promote a high-performing workforce and excellence in people management through a number of initiatives, including:

- Continuing advancement of development programs for Paralegals and Competition Law Officers
- Soliciting internal input for the Government's *Blueprint 2020: Getting Started, Getting Your Views* process, which will define the future vision of the public service
- Training managers and disseminating information to employees in preparation for the launch of the Treasury Board Secretariat's *Performance Management Directive* on April 1, 2014
- Hosting learning sessions, including Sector Days—when market participants, such as Netflix and Telus gave presentations on their industries' dynamics, challenges and trends—and private law firm discussions on promoting competition in specialized markets such as electricity
- Internal collaboration to increase accountability and streamline processes for responding to *Access to Information Act* and *Privacy Act* requests
- A focused review of the Bureau's historical records to determine archival value according to the *Library and Archives of Canada Act*, leading to the elimination of 79 boxes and archiving of nearly 600 boxes
- Continued collaboration with Shared Services Canada and Industry Canada to centralize information technology infrastructure while maintaining security of the Bureau's information
- Installation of new video and web conferencing facilities to increase collaboration and training while managing travel and training costs



BUILDING INTERNAL CAPACITY

The Bureau continued its focus on realigning resources to priorities with the aim of ensuring a more agile and collaborative organization, one that can achieve a more balanced delivery of the Bureau's mandate. A Talent Development Strategy (TDS) that will ensure long-term sustainability within the Bureau by cultivating skilled, motivated and well-rounded employees who continuously strive for excellence is currently being drafted. The strategy will encompass employee development at all levels, with training and other learning engagement strategies, that will help the Bureau deliver on its mandate while supporting individual employee career development. The TDS will consider Bureau priorities and the necessary competencies, and tailor learning and development plans to build the required skills and competencies. The new performance management program played a key role in equipping managers to provide ongoing, constructive feedback and direction to support employee development.

We continued to develop our executives and our employees, at all levels, including providing core classroom training and hands-on training to our employees. We also provided leadership training to 12 employees and language training to approximately 85 employees. We balanced the need for core enforcement training with the need to be aware of developments in various sectors of the domestic and global economies including, for example, through a series of information sessions on the digital economy. The Bureau has continued to place emphasis on collaborating on training with internal and external partners to provide our employees with different perspectives

and practical tools to do their work. All training activities were offered with the goal to increase the Bureau's effectiveness in its operations and to improve the technical capability of its staff.

The Bureau continued to develop strategies, policies and training to tackle the large volume of evidence gathered through our investigations. Our forensic investigators supported various law enforcement agencies across Canada, lending expertise in the execution of search warrants and forensic analysis of digital information. We also continued to liaise with domestic and international counterparts to share best practices and address computer forensic enforcement issues, such as cloud computing and internet-based fraud schemes.

We also implemented intelligence software to increase the speed and efficacy of our investigators' evidence reviews. In anticipation of Canada's Anti-Spam Legislation coming into force in July 2014, the Bureau provided technical support to the CRTC and established access to the Spam Reporting Centre for Bureau employees to access important data to support future investigations. This includes the creation of a web submission form and other means for the public to make submissions, which take into account the different technological knowledge and abilities of members of the public.

The Bureau continued to collect reliable and credible performance data, which will lead to increased transparency and provide management with the opportunity to make strategic decisions based on results.



FINANCIAL DISCUSSION AND ANALYSIS

The Bureau's budget for 2013–2014 was \$48.8, including approximately \$10.5 million from user fees.¹ The Bureau's expenditures for 2013–14 were \$47 million and consisted of \$33.6 million in

salaries for 362 full-time equivalents (FTEs), and \$13.4 million in non-salary. Table 1 presents the Bureau's authorized budget and expenditures for the year.

TABLE 1: AUTHORIZED BUDGET EXPENDITURES FOR 2013–2014

	Budget	Expenditure
Salary	\$34,491,129	\$33,597,992
O&M	\$13,518,100	\$13,081,886
Capital	\$740,215	\$321,713
TOTAL	\$48,749,444	\$47,001,591
	Authorized	Used
FTEs	390	362

[1] The Bureau collected nearly \$11M in user fees (including \$19,000 in written opinions) of which approximately \$464,000 was transferred to the Government of Canada's Consolidated Revenue Fund.

“A MORE STRATEGIC APPROACH IN THE USE OF ECONOMIC AND INDUSTRY EXPERTS ALSO RESULTED IN FURTHER SAVINGS.”

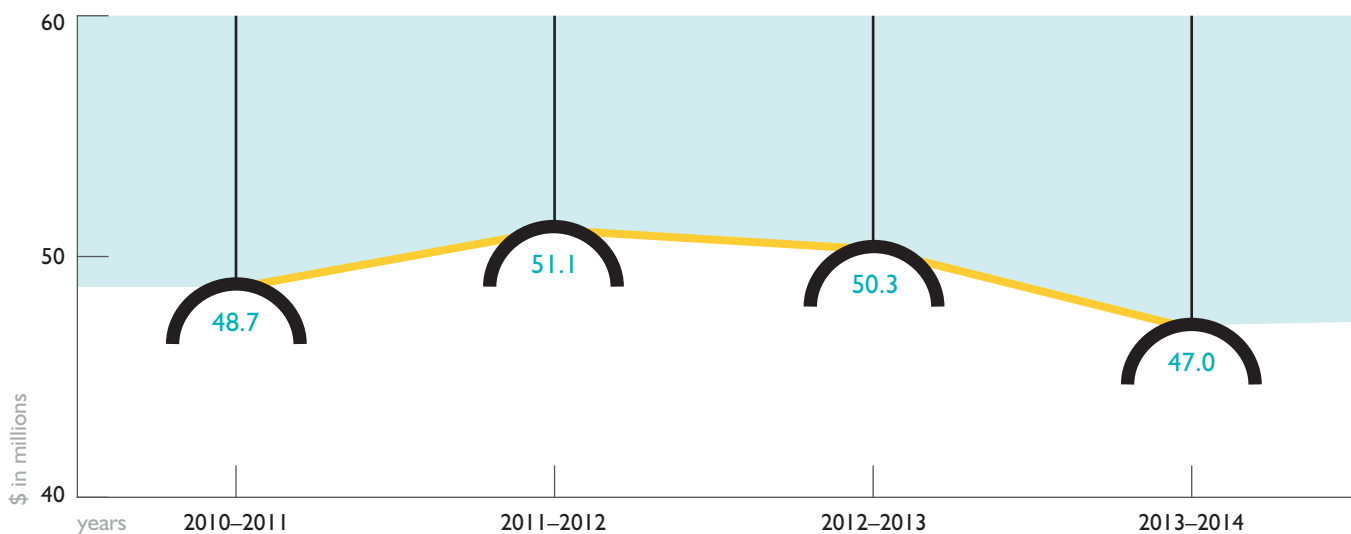
Savings to the Bureau from the Government’s *Deficit Reduction Action Plan* were fully implemented and realized in 2013–2014. Additional cost reductions were achieved through the Bureau’s ongoing strategy to build a strong in-house legal team within the Competition Bureau Legal Services Unit of the Department of Justice and to reduce reliance on external legal counsel. A more strategic approach in the use of economic and industry experts also resulted in further savings. These concrete Bureau actions provided increased financial flexibility that enabled strategic investments to improve the Bureau’s information technology.

The Bureau also continued to work closely with Industry Canada and the Public Prosecution Service of Canada to control rising costs in the area of legal support for criminal cases.

The Bureau has administrative responsibility for collecting fines imposed by the courts as well as AMPs issued by the Competition Tribunal or the courts. In 2013–2014, approximately \$55 million in fines were imposed and \$0.5 million in AMPs were issued. Fines and AMPs are not considered Bureau revenue and instead are remitted to the Government of Canada’s Consolidated Revenue Fund.

Figure 1 illustrates the Bureau’s spending trend from 2010–2011 to 2013–2014.

FIGURE 1: BUREAU SPENDING TREND²



[2] Does not include Work Force Adjustment budget and expenditures.



APPENDIX:
**BUREAU
PERFORMANCE
DATA**



TABLE 1

Estimate Savings from Bureau Activities			
<p>The Bureau is required to report annually on its performance through a Departmental Performance Report (DPR) to Parliament. Industry Canada's DPR provides details of accomplishments and results achieved in the most recently completed fiscal year against performance expectations, as set out in the corresponding Report on Plans and Priorities. The Bureau quantifies the benefits of its activities via the following quantitative performance indicator: estimated dollar savings per annum to consumers from Bureau actions that stop anti-competitive.</p>			
Expected Result	Performance Indicator	Target	2013–14 Total
Reduction in anti-competitive behavior	Estimated dollar savings per annum to consumers from Bureau actions that stop anti-competitive activity	\$515M	\$572.1M ³

[3] In 2013–2014, the Bureau's estimated dollar savings to consumers was approximately \$572.1 million. The Bureau surpassed its performance target due to the conclusion of a number of matters that provided a larger dollar savings per annum to consumers.

The following tables include statistics relating to a variety of intake measures, merger and non-merger related enforcement matters, as well as advocacy, outreach and partnership initiatives.

TABLE 2

Intake		
Measure	2013–14 Total	Description
Complaints and information requests	14,515	Complaints and questions submitted to the Bureau that relate to the Bureau's four statutes (<i>Competition Act</i> , <i>Consumer Packaging and Labelling Act</i> , <i>Textile Labelling Act</i> and <i>Precious Metals Marking Act</i>).
Media requests	598	Media requests to the Bureau.
Textile Labelling CA Identification Number applications	770	The CA Identification Number is registered for the exclusive use of a Canadian dealer on the label of a consumer textile article in place of a name and postal address (as per the <i>Textile Labelling Act</i>).

TABLE 2.1

Top 5 Complaints by Product or Service
2013–14
1. Business products – directory listings
2. Electronics – computer hardware and software
3. Telecom – wireless
4. Food – grocery & beverages
5. Business products – office supplies

**“THE BUREAU’S
ESTIMATED
DOLLAR SAVINGS
TO CONSUMERS WAS
APPROXIMATELY
\$572.1 MILLION.”**

TABLE 3

Enforcement – Non Merger		
The Competition Bureau enforces both criminal and civil provisions of Canada's <i>Competition Act</i> aimed at addressing anti-competitive practices and misleading advertising as well as the <i>Consumer Packaging and Labelling Act</i> , the <i>Precious Metals Marking Act</i> and the <i>Textile Labelling Act</i> .		
Measure	2013–14 Total	Description
Investigative Stage		
Immunity markers granted to applicants	82	Number of immunity markers the Criminal Matters Branch and the Fair Business Practices Branch granted.
Leniency markers granted to applicants	40	Number of leniency markers the Criminal Matters Branch granted.
Investigations		
<i>commenced</i>	40	Investigations and compliance assessment matters that were opened. Investigations include matters on which inquiries have been commenced.
<i>concluded</i>	28	Investigations and compliance assessment matters that were closed.
<i>total ongoing investigations</i>	104	Investigations ongoing (i.e. matter not closed) at the end of the previous period. Investigations include matters on which inquiries have been commenced (as of the 1 st day of reporting period).
Inquiries		
<i>commenced</i>	16	Investigation for which an inquiry has been commenced pursuant to section 10 of the <i>Competition Act</i> .
<i>discontinued</i>	11	Inquiries discontinued by the Commissioner. This measure does not include inquiries closed for reasons other than discontinuance.
<i>total ongoing inquiries</i>	68	Investigation for which an inquiry has been commenced pursuant to section 10 of the <i>Competition Act</i> , regardless of when commenced, as long as inquiry is ongoing (as of the 1 st day of reporting period).
Search warrants	35	Number of search warrants issued.
Section 11 orders	7	A section 11 order is an order issued by a judge under section 11 of the <i>Competition Act</i> . This statistic includes all section 11 orders issued, including when multiple orders are issued for a single investigation during the reporting period.
Investigations referred to the Public Prosecution Service of Canada	2	Investigations referred to the Public Prosecution Service of Canada for consideration and action.

TABLE 3.1

Resolutions		
Measure	2013–14 Total	Description
Alternative Case Resolutions	7	Investigations that raised an issue under the <i>Competition Act</i> , the <i>Consumer Packaging and Labelling Act</i> , the <i>Precious Metals Marking Act</i> or the <i>Textile Labelling Act</i> , which were resolved outside of proceedings before the Court or Competition Tribunal. Alternative Case Resolutions include: the adoption of corporate compliance programs, voluntary codes, information contacts, information letters, warning letters, stand still letters, compliance meetings and undertakings.
Registered Consent Agreements	3	All Consent Agreements registered pursuant to section 74.12 or 105 of the <i>Competition Act</i> with the Competition Tribunal or Courts.
Convictions without Guilty Pleas	5	All convictions without guilty pleas, includes sections 65 and 66 under the <i>Competition Act</i> .
Guilty pleas	11	The number of guilty pleas made by individuals or companies for an offence under the <i>Competition Act</i> , the <i>Consumer Packaging and Labelling Act</i> , the <i>Precious Metals Marking Act</i> or the <i>Textile Labelling Act</i> .
Prohibition order with convictions	0	All prohibition orders with convictions (subsection 34(1)) under the <i>Competition Act</i> .
Prohibition order without convictions	1	All prohibition orders without convictions (subsection 34(2)) under the <i>Competition Act</i> .
Interim injunctions	0	All interim injunctions (section 33) under the <i>Competition Act</i> .

TABLE 3.2

Contested Matters – Before the Courts or Competition Tribunal		
Measure	2013–14 Total	Description
Matters before the Competition Tribunal, Provincial Superior Courts or Federal Court		
Matters currently before the Competition Tribunal	6	Applications brought by the Commissioner related to substantive matters before the Competition Tribunal where applications were filed but do not include Consent Agreements registered pursuant to sections 74.12 or 105 of the <i>Competition Act</i> . This excludes interim steps in a proceeding or rescission or variation of a Consent Agreement or Order under sections 74.13 and 106 of the <i>Competition Act</i> (excluding private access).
Matters currently before the Courts	20	Proceedings related to substantive matters before the courts where proceedings were filed. This excludes interim steps in a proceeding or rescission or variation of a Consent Agreement or Order under sections 74.13 and 106 of the <i>Competition Act</i> .

TABLE 3.3

Outcomes		
Measure	2013–14 Total	Description
Total fines imposed	\$55.7M	Total amount of fines imposed upon companies and individuals by the Courts.
Total bid-rigging fines imposed	\$49.2M	Total amount of bid-rigging fines imposed. This statistic is included in “Total fines imposed”.
Individuals sentenced	6	The number of individuals sentenced under the <i>Competition Act</i> .
Companies sentenced	9	The number of companies sentenced under the <i>Competition Act</i> .
Combined jail time imposed	30 months	Total amount of jail time imposed.
Total administrative monetary penalties (AMPs)	\$0.5M	Total amount of AMPs imposed by the Competition Tribunal or Courts.
Total restitution	\$0	Total amount of restitution imposed by the Competition Tribunal or the Courts.
Final orders issued by the Competition Tribunal	1	All Orders issued under sections 74.1, 75, 76, 77, 79, 81, 82, 83, 84, 86, 87, 90.1, 92 of the <i>Competition Act</i> . This includes orders issued under sections 74.1, 74.111 and 92.1, Temporary Orders, and rescission or variation of a Consent Agreement or Order under sections 74.13 and 106 of the <i>Competition Act</i> .

TABLE 4

Enforcement – Merger-Related		
Under the Competition Act, mergers and proposed mergers of all sizes and in all sectors of the economy are subject to review to determine whether they have resulted, or will likely result, in a substantial lessening or prevention of competition.		
Matters (ALL)		
Measure	2013–14 Total	Description
Examinations		
<i>Commenced</i>	230	Includes all merger reviews that were opened during the period.
Pre-Merger Notification (PMNs) filings & Advance Ruling Certificate (ARC) requests	218	PMNs filed pursuant to section 114(1) of the <i>Competition Act</i> and ARC requests made pursuant to section 102 of the <i>Competition Act</i> . Includes matters where either a Notification filing or an ARC request, or both occur.
Other examinations	12	Matters where no PMN or ARC request was received. Includes Investment Canada applications, Heritage Canada applications, complaints and reviews of non-notifiable mergers initiated by the Mergers Branch.
<i>Concluded</i>	233	Merger reviews that were completed during the period.
No issues under the Act	221	Merger reviews that were completed with no issues under the <i>Competition Act</i> .
With issues under the Act	8	Does not include ongoing Matters before the Competition Tribunal. Concluded with monitoring.
Transactions abandoned for reasons unrelated to the Commissioner's position	4	Merging parties abandon their proposed merger for reasons other than the Bureau's views on the proposed merger.
<i>Total Ongoing Merger Reviews</i>	15	Merger reviews ongoing (i.e. matter not closed) at the end of the previous period (as of the 1 st day of reporting period).
Inquiries		
<i>Commenced</i>	3	Matters for which an inquiry has been commenced pursuant to section 10 of the <i>Competition Act</i> .
<i>Discontinued</i>	0	Inquiries discontinued by the Commissioner.
<i>Total Ongoing Inquiries</i>	6	Matters for which an inquiry has been commenced pursuant to section 10 of the <i>Competition Act</i> , regardless of when commenced, as long as inquiry is ongoing (as of the 1 st day of reporting period).

TABLE 4.1

Concluded Matters (No Issues)		
Measure	2013–14 Total	Description
Advanced Ruling Certificates (ARC) Issued	106	Examinations concluded with the issuance of an ARC pursuant to section 102 of the <i>Competition Act</i> .
No Action Letters (NAL) Issued	107	Examinations concluded with the issuance of a NAL pursuant to section 114 of the <i>Competition Act</i> .
Other Examinations	8	Examinations that do not contain a Notification filing or ARC request. These matters are opened for other reasons including Investment Canada applications, Heritage Canada applications, complaints and reviews of non-notifiable mergers initiated by the Mergers Branch.
Total Concluded Matters (No Issues)	221	
Concluded & On-Going Matters (With Issues)		
Consent Agreements	4	Consent Agreements registered with the Competition Tribunal pursuant to section 105 of the <i>Competition Act</i> related to mergers.
Transactions Abandoned due to competition concerns	0	Merging parties abandon their proposed merger after being informed that the transaction raises issues under the <i>Competition Act</i> .
Alternative Case Resolutions	4	Matters that raised an issue under the <i>Competition Act</i> but were resolved outside of proceedings before the Competition Tribunal. Includes warning letters and undertakings.
Total Concluded Matters (With Issues)	8	
Matters Before the Competition Tribunal	1	Includes ongoing section 92 matters and other matters before the Competition Tribunal (such as section 100 and 106 matters) or the courts.

TABLE 4.2

Merger Review Performance Indicators			
Please visit the Competition Bureau Fees and Service Standards Handbook for Mergers and Merger-Related Matters .			
Measure	Complexity	2013–14 Total	Description
Matters Concluded (#)	Non-Complex	173	Non-complex mergers are readily identifiable by the clear absence of competition issues, and include transactions where there is no or minimal overlap between parties, assuming properly defined product and geographic markets. Minimal overlap includes a combined post-merger market share of less than 10% in any relevant market.
	Complex	46	Complex mergers involve proposed transactions between competitors, or between customers and suppliers, where there are indications that the transaction may, or is likely to, create, maintain, or enhance market power. Proposed transactions, where the combined post-merger market share of the parties is potentially 35% or more, are generally classified as complex.
	Total	219	
Matters Concluded (%)	Non-Complex	79%	
	Complex	21%	
	Total	100%	
Service Standard Met (#)	Non-Complex	161	14 days from the calendar day on which sufficient information has been received by the Bureau.
	Complex	36	45 days from the calendar day on which sufficient information has been received by the Bureau except where a Supplementary Information Request is issued, in which case it shall be 30 days.
	Total	197	
Service Standard Met (%)	Non-Complex	93%	
	Complex	78%	
Avg. Review Time (days)	Non-Complex	10.38	
	Complex	36.09	
Supplementary Information Requests Issued		10	A request made pursuant to section 114(2) of the <i>Competition Act</i> .

TABLE 5

Advocacy		
The Bureau participates in a wide range of activities to promote and advocate the benefits of a competitive marketplace, both in Canada and abroad. This includes recommending that regulators and policy-makers rely on market forces as much as possible and that regulation, where required, limits competition as little as possible. Our Advocacy Portal on the Bureau's website highlights recent advocacy work conducted by the Bureau.		
Measure	2013–14 Total	Description
Representations before regulatory bodies	3	Interventions, submissions and appearances before regulatory bodies pursuant to our advocacy function under section 125 and 126 of the <i>Competition Act</i> .
Small to medium advocacy interventions	0	Interventions may include written submissions including letters, calls, and meetings with regulatory groups and other stakeholders.
Market studies	0	Market studies are designed to improve understanding of the effects of competition on the economy.

The Bureau made the following interventions under sections 125 and 126 of the *Competition Act* in 2013–2014:

- Notice of Consultation CRTC 2013-685 – Wholesale mobile wireless roaming in Canada – Unjust discrimination/undue preference
- Notice of Consultation CRTC 2013-551 – Review of wholesale services and associated policies
- Submission to the City of Toronto related to the Taxicab Industry Review

TABLE 6

Outreach		
The Bureau promotes transparency in all its operations by communicating with stakeholders and providing them with up-to-date information and guidance through a wide variety of publications.		
Measure	2013–14 Total	Description
Speeches	169	The total number of presentations by Bureau officials to external stakeholders, including speaking engagements, information sessions, panel participation and outreach activities.
Publications	21	New publications and those that have been revised, including information bulletins, enforcement guidelines, position statements, pamphlets, FAQs and Bureau performance reports.

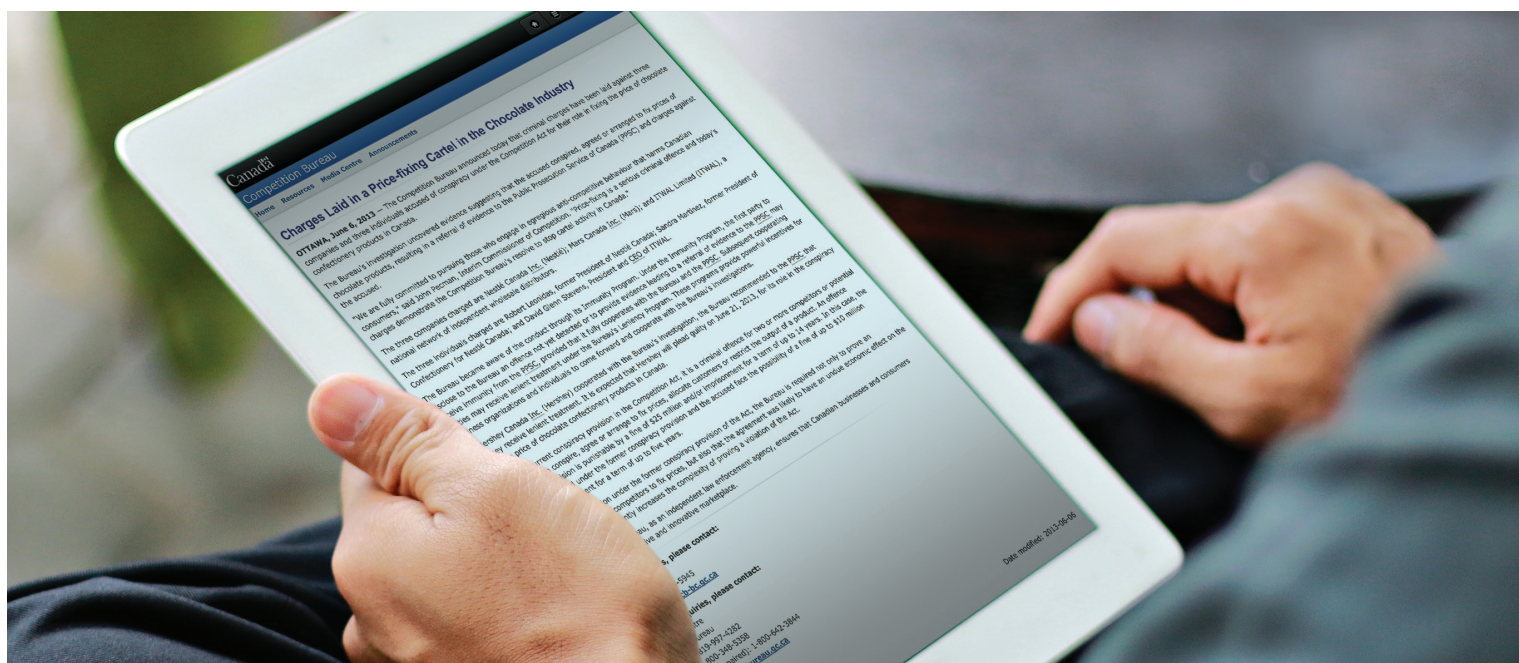


TABLE 6.1

High-Profile Media Issues
High-profile is determined by online, print, radio and television, and social media attention as tracked by the Bureau.
2013–14
1. Visa & MasterCard case – Rules for merchants
2. Loblaw/Shoppers Drug Mart transaction
3. Sobeys/Canada Safeway transaction
4. Chocolate price-fixing case
5. Cross-border pricing issues

TABLE 6.2

Top Bureau Announcements	
Top Bureau announcements are based on visits to the Bureau's website.	
Announcements	2013–14 Visits
Charges Laid in a Price-fixing Cartel in the Chocolate Industry – June 6, 2013	4,530
Competition Bureau Requires Significant Divestitures in Sobeys/Safeway Deal – October 22, 2013	2,668
Competition Bureau Takes Action Against Leon's and The Brick for Deceptive 'Buy Now, Pay Later' Promotions – July 9, 2013	2,460
Record \$30M Fine Obtained by Competition Bureau Against Japanese Auto Parts Supplier – April 18, 2013	2,141
Competition Bureau Reaches Consent Agreement in Loblaw/Shoppers Deal – March 21, 2014	1,896

TABLE 7

Partnerships		
The Bureau collaborates with domestic and international partners in order to enhance its ability to promote and protect a competitive marketplace.		
Measure	2013–14 Total	Description
International		
Cooperation Instruments	12	Memoranda of Understanding, cooperation agreements and cooperation arrangements. This includes all existing instruments.
Formal bilateral meetings	4	Bilateral meetings between the Bureau and foreign law enforcement agencies and competition authorities pursuant to obligations under cooperation instruments.
International Fora meetings and workshops	16	Meetings and workshops with multinational organizations (e.g., Organisation for Economic Co-operation and Development, International Competition Network, International Consumer Protection and Enforcement Network).
Domestic		
Formal domestic partnerships	17	Number of domestic partnerships in which the Bureau participates (e.g., the Market Surveillance Administrator of Alberta, the Canadian Radio-television and Telecommunications Commission, Canadian Intellectual Property Office and the Department of Public Works and Government Services) where Memoranda of Understanding or other agreements are in place.



GLOSSARY

Competition Act: The *Competition Act* is a federal law governing most business conduct in Canada. It contains both criminal and civil provisions aimed at preventing anti-competitive practices in the marketplace.

Consumer Packaging and Labelling Act: The *Consumer Packaging and Labelling Act* is a criminal statute relating to the packaging, labelling, sale, importation and advertising of prepackaged and certain other products.

Precious Metals Marking Act: The *Precious Metals Marking Act* is a criminal statute relating to the marking of articles containing precious metals.

Textile Labelling Act: The *Textile Labelling Act* is a criminal statute relating to the labelling, sale, importation and advertising of consumer textile articles.

Matter: An ongoing issue or case that requires action by the Competition Bureau.

Investigation: A civil (non-merger) or criminal investigation under the *Competition Act*, the *Consumer Packaging and Labelling Act*, the *Textile Labelling Act* or the *Precious Metals Marking Act*.

Compliance Assessment: An examination of a program, activity or individual transaction to ensure that it conforms to legislation, regulations and administrative directives.

Merger Review: A review of a merger under the *Competition Act*.

Immunity: The first party to disclose to the Competition Bureau an offence not yet detected or to provide evidence leading to the filing of charges may receive immunity from prosecution from the Director of Public Prosecutions of Canada as long as the party cooperates with the Bureau and any subsequent prosecution.

Leniency: The Competition Bureau may recommend to the Director of Public Prosecutions that cooperating persons who have breached the cartel provisions under the *Competition Act*, who are not eligible for a grant of immunity, nevertheless be considered for lenient treatment in sentencing.

Competition Tribunal: The Competition Tribunal is a specialized tribunal that combines expertise in economics and business with expertise in law. The Tribunal is a strictly adjudicative body that operates independently of any government department. The cases it hears are complex and deal with matters such as mergers, misleading advertising and restrictive trade practices. The Competition Tribunal should be distinguished from the Competition Bureau. The Competition Bureau investigates complaints and decides whether to proceed with the filing of an application with the Competition Tribunal.

Courts: Under the *Competition Act*, as well as under the *Consumer Packaging and Labelling Act*, the *Precious Metals Marking Act* and the *Textile Labelling Act*, certain practices may be brought before the courts, which include the Federal Court or the Superior Court of a province. Under the civil regime of the *Competition Act*, certain practices may be brought for review before the Competition Tribunal, the Federal Court or the superior court of a province.

