



Competition Bureau
Canada

Bureau de la concurrence
Canada



STAYING COMPETITIVE IN A **CHANGING WORLD**

Protecting and Promoting Competition for the Benefit of All Canadians

ANNUAL REPORT OF THE COMMISSIONER
OF COMPETITION FOR THE YEAR ENDING
MARCH 31, 2016

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): 1-866-694-8389
Fax: 819-997-0324
Web site: 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.

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: ISED@canada.ca

Aussi offert en français sous le titre Rapport annuel du commissaire de la concurrence pour l'exercice se terminant le 31 mars 2016.





Connect With Us

Information Centre — Competition Bureau



50 Victoria Street
Gatineau, QC K1A 0C9



819-997-4282
1-800-348-5358



1-866-694-8389



819-997-0324



www.competitionbureau.gc.ca



STAYING COMPETITIVE IN A CHANGING WORLD

Competition is dynamic by nature. It spurs progress and drives innovation. And for the benefit of Canadian consumers and businesses, the Competition Bureau must be just as dynamic itself — evolving our practices and processes to respond to a changing marketplace and the impacts of disruptive new technologies and business models.

In 2015–16, we did exactly that: pursuing our mandate to enforce and promote Canada's competition laws while forging new partnerships, adopting new ways of engaging with consumers and industry, and completing our organizational realignment into “One Bureau” dedicated to protecting competition so that Canadians can continue to benefit from greater choice and lower prices.



HIGHLIGHTS: 2015–16

A YEAR OF PROTECTING AND PROMOTING COMPETITION

Putting a stop to unwanted text messaging

It can be a shock to find you’ve been charged for something you thought was free.

That’s exactly what happened to Canadian mobile phone customers who 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’s innovative enforcement approach to stopping these kinds of false or misleading representations 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. Our strategy? Instead of going after individual perpetrators, we 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” 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.



Honesty in online reviews

Ever get the feeling an online review is too good to be true? In some cases, you might be right.

With Canadians depending more and more on the information they find online to make buying decisions, we 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 our investigation found Bell employees and contractors were encouraged to post positive reviews and ratings for the company’s mobile apps, we 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.



Safeguarding our infrastructure investments



When companies collude while bidding on government contracts, Canadian taxpayers are the ones who ultimately pay the price.

This is especially damaging to the economy in large-scale construction projects essential for delivering safe, high-quality public infrastructure. That's why the Bureau continues to investigate and push for fines for criminal cartels where there is evidence of bid-rigging in the construction sector.

Over the past few years, our 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 our enforcement efforts, we've also increased our compliance outreach and awareness initiatives to help the construction sector and government procurement officials better recognize and prevent this criminal anti-competitive behaviour.

An open road for new ride-sharing models



Consumers have embraced disruptive services like Uber that have brought new business models to the taxi industry — despite resistance from cab companies in many cities.

In November 2015, we 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, we 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 our commitment to respond quickly to market shifts for the sake of Canadian consumers, and in support of competition and entrepreneurial innovation.

Fuelling competition in the retail gas sector

When gas prices increase, Canadians have less money to spend on other important purchases like food, housing and health care for their families.

We upheld our 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 our investigation into retail gas price-fixing in Quebec.

In the Parkland case, we obtained our first-ever mediated settlement, demonstrating why mediation may become a “go to” tool for resolving disputes quickly and achieving outcomes that benefit all parties involved. Our price-fixing investigation also continued to bring greater fairness to pumps across Quebec. Since 2008, our investigation has resulted in charges being laid against dozens of individuals and companies, with millions in court-imposed fines.





Table of Contents

THE COMPETITION BUREAU AT A GLANCE

1

MESSAGE FROM THE COMMISSIONER

4

OUR STRATEGIC OBJECTIVES

5

PRIORITY 1: INCREASE COMPLIANCE

Protecting Canadians with new approaches to enhance compliance and enforcement

6

PRIORITY 2: EMPOWER CANADIANS

Equipping Canadians with new tools and resources to protect themselves

12

PRIORITY 3: PROMOTE COMPETITION

Advocating for competition and innovation in the Canadian marketplace

17

PRIORITY 4: COLLABORATE WITH PARTNERS

Promoting competition and innovation through new and stronger partnerships

20

PRIORITY 5: CHAMPION EXCELLENCE

Embedding continuous improvement and innovation into our organizational culture

24

FINANCIAL DISCUSSION AND ANALYSIS

28



THE COMPETITION BUREAU AT A GLANCE

The Competition Bureau (Bureau) has a legislated mandate to ensure Canadian consumers and businesses prosper in a competitive and innovative marketplace. We are committed to doing so through all means available, from law **enforcement** to competition **promotion**.

Responsibilities

Headed by the Commissioner of Competition, the Bureau administers and enforces Canada's:

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

Guiding Principles

Vision

To be one of the leading competition agencies in the world; one that is open, transparent and collaborative, and that vigorously enforces and promotes competition to provide Canadians with the benefits of a competitive and innovative marketplace.

Mission

To promote and protect competition for the benefit of Canadians, the Bureau will administer and enforce the Acts with fairness and predictability to prevent and deter anti-competitive behaviour and deceptive marketing practices, review mergers to ensure they do not harm competition, and empower consumers and businesses.

Core Values

Openness and transparency

We engage with our stakeholders through a wide range of new and existing means of communication to dialogue and share information, and to explain to Canadians and our partners the benefits of competition for consumers, businesses and the productivity of the Canadian economy.

Collaboration

We work with our partners to advance competition to ensure our marketplace is functioning efficiently.

Integrity and fairness

We act with integrity and fairness and in the public interest at all times. This requires a principle-based approach to enforcing and administering the Acts. Our decisions are based on facts, evidence and sound judgment. We are committed to protecting the confidentiality of sensitive information.

Respect

We interact honestly and respectfully with our colleagues, partners and all Canadians — recognizing their diversity and their individual contributions to healthy competition.

Leadership

We show leadership through our actions, strategic approach and commitment to continuous innovation.

The Year in Numbers



\$16.27 MILLION
IN FINES, ADMINISTRATIVE MONETARY
PENALTIES¹ IMPOSED AND CUSTOMER
RESTITUTIONS

\$3.18 MILLION
TOTAL FINES IMPOSED

\$5.75 MILLION
ADMINISTRATIVE MONETARY PENALTIES

\$7.34 MILLION
CUSTOMER RESTITUTIONS



221
MERGER REVIEWS COMPLETED

64
INVESTIGATIONS (NON-MERGER)
CONCLUDED



7
GUILTY PLEAS IN CARTEL CASES

6
COMPANIES SENTENCED FOR
CRIMINAL CONDUCT UNDER
THE COMPETITION ACT



135
SPEECHES AND PRESENTATIONS
TO STAKEHOLDERS

25
ADVOCACY INITIATIVES

10,993
COMPLAINTS AND INFORMATION
REQUESTS RECEIVED BY THE BUREAU
INFORMATION CENTRE

¹ Administrative monetary penalties (AMPs) are different from fines in that they are used to promote and encourage compliance with the Competition Act. Failure to pay an AMP may be enforced civilly as a debt due to the Crown. A fine, by contrast, is a punishment imposed by a court upon conviction of a criminal offence and failure to pay it may lead to imprisonment.

Enforcement



12

GUILTY PLEAS (NON-CONTESTED)
BY INDIVIDUALS OR COMPANIES

24

ALTERNATIVE CASE
RESOLUTIONS EMPLOYED

16

ONGOING CIVIL APPLICATIONS
BEFORE THE COMPETITION
TRIBUNAL OR THE COURTS

13

SEARCH WARRANTS ISSUED

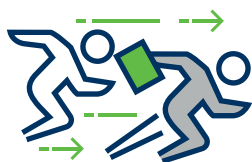
15

SECTION 11 ORDERS ISSUED

7

MERGER-RELATED CONSENT
AGREEMENTS SIGNED AND
IMPLEMENTED

Advocacy and Outreach



4

REPRESENTATIONS TO
REGULATORY BODIES

33,860

PUBLICATION
DOWNLOADS

64

PUBLICATIONS

490

MEDIA REQUESTS

Partnerships



2

NEW INTERNATIONAL
COOPERATION
AGREEMENTS

15

BILATERAL MEETINGS WITH
FOREIGN LAW ENFORCEMENT
AND COMPETITION AGENCIES

7

NEW DOMESTIC
PARTNERSHIP AGREEMENTS

17

MEETINGS AND WORKSHOPS WITH
INTERNATIONAL ORGANIZATIONS

MESSAGE FROM THE COMMISSIONER

The most rewarding aspect of change is seeing it take effect. Last year was the first under our new organizational structure and, while the process of transformation is still ongoing, it has already helped us become a more open, transparent and collaborative agency. To achieve even greater internal integration, we developed our first three-year strategic plan, which lays out five strategic objectives to guide our current and future work.



Externally, we're operating under a new government focused on making Canada a centre of global innovation. Our work to bolster and enhance competition will be a fundamental support in fostering that innovation.

The challenge, of course, is that the global economy is changing at an unprecedented speed and magnitude. To respond and adapt accordingly, we at the Bureau must also be innovative in everything we do.

I'm pleased to say that a strong commitment to innovation can already be seen in many of our accomplishments from the past year. We've invested in shared compliance because we are convinced we can achieve greater success by working collaboratively with businesses and consumers. We've also advocated for new business models that benefit consumers. For example, we issued recommendations on modernizing the regulations in Canada's taxi industry to allow taxis and ride-sharing services to compete on an even playing field. This advice to regulators had a direct impact on the development of regulations in municipalities across Canada, and feedback from stakeholders in the industry suggests that it was perhaps our most important and effective piece of advocacy to date.

By paying attention to the potential presented by emerging technologies and business models in today's marketplace, we become more innovative and effective in promoting new forms of competition. And with more competition comes more innovation that ultimately benefits consumers, businesses and the economy as a whole.

At the same time, we have been steadfast in our role of enforcing Canada's competition laws. Our cartel investigations have led to guilty pleas and fines related to auto parts, retail gasoline and public sector infrastructure contracts. We also secured record-setting consumer refunds through our ongoing investigation into misleading advertising in the wireless telecommunications sector.

Now that we've successfully implemented our new organizational structure, our "One Bureau" approach is the foundation for continuous improvement going forward. We are striving to work even more collaboratively and transparently with partners and stakeholders, and are focusing more of our efforts on supporting innovation in the digital economy. We are also improving the way we measure our performance to align with the government's emphasis on delivering concrete results — through reporting that is focused on real-world impact. The success of our work will be measured not only by the number of cases we have concluded, but also by whether or not they encourage compliance with the law or deter anti-competitive behaviour.

In closing, the Bureau remains dedicated not only to keeping Canada competitive but also to staying ahead of the curve in a rapidly changing world. This commitment means being more creative and innovative in our defence of a competitive marketplace for Canadians. As Wayne Gretzky once said, we need to skate to where the puck is going, not where it's been — and that's how we will approach our work for Canadians.

John Pecman
Commissioner of Competition



OUR STRATEGIC OBJECTIVES

To better meet the needs of Canadians in a changing marketplace, last year we developed our first three-year plan and shared it publicly. The Bureau's *2015–2018 Strategic Vision* describes the mission and values at the core of our organization, and sets out five new strategic objectives that will guide our work on behalf of consumers and businesses over the next three years:

- **1. INCREASE COMPLIANCE** – Use all available tools to increase compliance with Canada's competition laws and prevent and deter anti-competitive or deceptive conduct that could threaten the health, growth and confidence in the Canadian economy.
- **2. EMPOWER CANADIANS** – Create an environment of competitive prices, greater product choice and informed decision-making for the benefit of all Canadians.
- **3. PROMOTE COMPETITION** – Promote and advocate for a more competitive marketplace, emphasizing smart regulation focused on achieving legitimate regulatory objectives.
- **4. COLLABORATE WITH PARTNERS** – Collaborate with domestic and international partners to promote strong competition principles and expand opportunities for Canadian participation in world markets.
- **5. CHAMPION EXCELLENCE** – Promote a culture of excellence throughout the Bureau founded on openness, collaboration, engagement, and securing tangible results.

The *2015–2018 Strategic Vision* is supported by our annual plans, which provide details on how we intend to deliver on each of these strategic objectives during each fiscal year. Commitments from our 2015–16 Annual Plan (the first year of operations under the new three-year plan) are listed at the start of each core reporting section of this report along with an indication of our progress against those commitments.






PRIORITY 1: INCREASE COMPLIANCE

Protecting Canadians with new approaches to enhance compliance and enforcement

How do we take on the most serious forms of anti-competitive behaviour? With a compliance and enforcement approach that promotes competition and fosters innovation in the marketplace. Our newly updated Competition and Compliance Framework, for example, serves as the foundational guideline for how we advance investigations and cooperate with other agencies — helping maximize compliance and protect competition in Canada's changing economy.

PRIORITY 1

Use all available tools to increase compliance with Canada's competition laws and prevent and deter anti-competitive or deceptive conduct that could threaten the health, growth and confidence in the Canadian economy.

COMMITMENTS	STATUS
Continue effective and integrated enforcement and administration of our legislation through the full use of the <i>Competition and Compliance Framework</i> .	
Engage with the procurement community to increase awareness of bid-rigging and other cartel conduct and its consequences.	
Deploy technical infrastructure and provide advice on IT-related strategies to support compliance with Canada's Anti-Spam Legislation (CASL).	
Refresh the <i>Corporate Compliance Programs</i> bulletin to promote the adoption of credible and effective competition compliance programs.	
Provide stakeholders with accurate and up-to-date guidance by consulting on the advancement and updates of documents such as the <i>Intellectual Property Enforcement Guidelines</i> .	

 ACHIEVED

 PARTIALLY ACHIEVED



24

ALTERNATIVE CASE RESOLUTIONS²

5

NON-MERGER-RELATED CONSENT AGREEMENTS

12

CORPORATE COMPLIANCE PRESENTATIONS
DELIVERED TO KEY STAKEHOLDER AUDIENCES

3,200

VIEWS OF THE CORPORATE COMPLIANCE
PROGRAMS BULLETIN

Cracking Down on Cartels and Bid-Rigging

A cartel is a group of businesses that agrees to engage in anti-competitive practices like bid-rigging, where they submit a bid arrived at by agreement or they agree not to submit, or to withdraw a bid on a contract so another wins the job. It's a serious criminal offence that harms Canadians by driving up prices³ and by reducing the incentive to innovate. As always, we are committed to enforcing the provisions of the *Competition Act* and will not hesitate to take action against cartels to protect consumers and businesses.

Persistence pays off against an auto-sector cartel

The largest cartels investigation in Bureau history continued last year — and 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 our immunity and leniency programs. Since 2013, this investigation has resulted in more than \$70 million in fines issued by the courts.

Keeping competition flowing for municipal services

With the federal government set to undertake one of the largest infrastructure investments in Canadian history, we have heightened our efforts to uncover and put a stop to cartel activity in the municipal services sector — and protect Canadian taxpayers from footing the bill for inflated procurement costs. Last year, as a result of our 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, we laid 44 criminal charges against three companies and four individuals accused of bid-rigging for the supply of water services to municipalities in Quebec. Another company, Les Entreprises Paysagistes Gaspard Inc., pleaded guilty to nine counts of bid-rigging and was fined \$117,000 for its role in the alleged conspiracy.

Learning from experience for more effective enforcement

The Bureau experienced setbacks in two of its major cartels investigations last year. Following our investigation into price-fixing in the chocolate industry, charges were stayed against Mars Canada, Nestlé Canada and ITWAL Ltd., and in our case related to bid-rigging for federal government IT service contracts, six individuals and three companies were found not guilty.

2 Cases where the Bureau resolves concerns of non-compliance without the need for litigation or consent agreements.

3 Recent studies suggest that in cases where bid-rigging occurs, governments and businesses end up paying approximately 20 percent more than usual for the goods or services procured — costs that are ultimately passed on to taxpayers and customers.

In the spirit of innovation and transformation, we are drawing on the lessons learned from these cases to re-examine our enforcement processes — including evaluating our Leniency and Immunity Programs and engaging an external expert to review our procedures. We are also working to strengthen the way we collaborate and communicate with the Public Prosecution Service of Canada.

Toward More Truth in Advertising

Consumers put their trust in businesses to provide accurate product information so that they can make smart buying decisions for their families. The *Competition 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.

Less time in court, more benefits for Canadians

Litigation isn't the only tool we use to resolve competition issues. Where possible, we work 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, we concluded that the testing was not adequate and proper to support the marketing claims. Reebok-CCM cooperated fully with our 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 — a great alternative to spending unnecessary time and money in the courtroom.

This represents our second performance claim case settled in the past two years after we reached a similar [consent agreement with Bauer](#) in 2014.

Protecting the integrity of online reviews

Online reviews can help Canadians make informed buying decisions — but only if they represent the thoughts and experiences of real consumers. Last year, we 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 we made with Bell in October 2015, the company will no longer direct employees to rate or review its own products —



PROVIDING GUIDANCE TO THE PROCUREMENT COMMUNITY

While the construction sector has always been a hotbed for bid-rigging, we're working to change that through an increased focus on shared compliance. Believing that the Bureau and all of its stakeholders have an important role to play in ensuring compliance, we routinely host educational sessions to provide procurement officers with the tools they need to prevent, detect and help deter criminal cartel activity — delivering more than 300 speeches and presentations since 2005.

In 2015–16, we gave twelve presentations to procurement officers and government officials, including a presentation on bid-rigging and corporate compliance to the City of Saskatoon, University of Saskatchewan, Saskatchewan Ministry of Highways and Saskatchewan Research Council as part of Anti-Cartel Day. We also launched our new [Competition in the Construction Industry](#) webpage, providing businesses in that sector with guidance on the criminal cartel provisions of the *Competition Act*, as well as tips and resources for staying on the right side of the law.



and will enhance its corporate compliance program to focus more on this issue to prevent it 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.

GIVING CANADIANS GUIDANCE TO PROTECT THEMSELVES AGAINST SPAM

Canada's Anti-Spam Legislation (CASL) gave the Bureau a powerful new tool for deterring deceptive online marketing practices that harm both consumers and businesses. In addition to our ongoing proceedings against Avis and Budget, we launched a new inquiry under the updated false/misleading representations provisions of the Competition Act.

We also continued to work with partners like the Canadian Radio-television Commission and the Office of the Privacy Commission to promote awareness of CASL and encourage Canadians to protect themselves against spam. This included updating the [Fight Spam](#) website, focusing on the digital economy during Fraud Prevention Month, and hosting a Twitter chat on subscription traps and free trial scams during our fourth annual "2 Good 2 Be True Day."



Putting a Stop to Monopolistic Practices

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. Last year, we continued our 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.

Turning up the heat when companies limit consumer choice

The marketplace is healthier when consumers can choose freely between service providers. In October 2015, we 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 Ontarians from switching to its competitors or terminating their contracts to purchase their own water heaters.

We first brought the case against Direct Energy to court in 2012. Even though the company left the Ontario water heater rental market in 2014, we continued to pursue the case — and were provided clarity on our ability to do so from the Competition 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 can't evade responsibility just because they're no longer active in a particular market.

"The play is under review"

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.)

Our review of the agreement, which we 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, we found that the agreement has, thus far, not substantially lessened or prevented competition in the broadcasting industry.

Mergers Under the Microscope

Under the *Competition Act*, mergers of all sizes and in all sectors may be reviewed to ensure they don't 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, we may apply to the Competition Tribunal for an order to prevent, dissolve or alter it. We may also negotiate a consent agreement with the purchaser to resolve our concerns.

MERGERS: THE YEAR IN REVIEW

We completed 221 merger reviews in 2015–16, including 65 complex reviews (up from 55 complex reviews the year before). We met our 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.

We entered into consent agreements to resolve seven cases, including Pfizer/Hospira, BCE/Rogers/Glentel and Iron Mountain/Recall. We also completed reviews of several other high-profile transactions such as Shaw/Wind Mobile and Renaud-Bray/Archambault.

Preserving competition at the pumps

We reached a historic consent agreement with Parkland Fuel Corporation, last year, to resolve litigation related to its acquisition of Pioneer Energy. Parkland, which operates or supplies about 700 gas stations across Canada, had proposed to acquire 181 stations and 212 supply agreements from Pioneer — a deal that would have increased Parkland's market share to as much as 100 percent in certain parts of Ontario and Manitoba.

To protect consumers in those markets from the higher gasoline prices, we challenged the proposed acquisition in 14 communities across the two provinces. Following the first-ever mediation in a Competition Tribunal proceeding, we were able to reach an agreement that made sense to all parties: Parkland agreed to sell gas stations or supply agreements in six of the 14 markets and surrender its ability to increase any margin it earns on the sale of gasoline in two markets where it is a wholesale supplier.

Promoting Compliance

We believe compliance with Canada's competition laws isn't just something for the Bureau to enforce: it's a shared responsibility in which the business and legal communities also play an important part. What's more, we know most businesses want to comply with the law. That's why, throughout 2015–16, we increased our compliance promotion efforts by developing innovative new resources to help businesses comply with the law.

Sharing the importance of compliance with all Canadians

Established in 2015–16, the Bureau's new Compliance Unit leads our compliance promotion efforts, giving presentations across Canada and developing new resources to help businesses adopt credible and

NEW WAYS TO ENGAGE CANADIANS IN MERGER REVIEWS

When examining any merger, we obtain information from a variety of industry participants, including customers, suppliers, competitors and associations. For some consumer-facing mergers, we may also facilitate the gathering of information by inviting Canadians to submit views on a proposed merger. Such views are received on a confidential basis, and may be submitted via the Bureau's website. In July 2015, we invited Canadians to use our website to provide input on Renaud-Bray's proposed acquisition of a division of Groupe Archambault.



effective corporate compliance programs. It delivered 12 compliance presentations to Canadian stakeholders last year, including businesses, law firms, trade associations, academia and government officials, and also hosted a joint corporate compliance workshop with the International Chamber of Commerce in Calgary. The Compliance Unit also reviews corporate compliance programs in enforcement cases to ensure they are credible and effective, shares best practices with foreign antitrust agencies and promotes the Bureau as an international leader in corporate compliance.

We continued to extend our reach by releasing new online content and videos to help businesses reinforce compliance. Our Corporate Compliance Portal, for example, which offers businesses resources to recognize and prevent anti-competitive conduct, received more than 3,800 visits in 2015–16. And in May 2015, our [Fair Play video](#) used the metaphor of hockey to explain how competition benefits businesses and consumers. The Canadian Chamber of Commerce helped us grow our audience for that video by sharing *Fair Play* with its 450 local chambers and boards of trade representing some 200,000 businesses.

Helping businesses build effective and credible compliance programs

Competition compliance programs can help businesses of all sizes identify areas where they might be at risk of violating the *Competition Act*. Last year, we published a new version of our *Corporate Compliance Programs* bulletin, drawing on the latest approaches to compliance and enforcement to give small- and medium-sized businesses up-to-date guidance on how to develop and maintain a credible and effective program. The revised bulletin was very well received, with Canadians downloading it more than 3,200 times in 2015–16.

We also published several other new resources, including a pamphlet on corporate compliance programs, three competition and compliance fact sheets, and a new compliance video. Internationally, the bulletin and its associated materials were praised by compliance professionals, legal commentators and antitrust enforcers. In addition, a number of domestic law firms noted that the bulletin's release demonstrated a more serious and systemic approach to compliance by the Bureau and "confirmed the Bureau's leading place amongst competition and antitrust regulators with respect to compliance programs."



TRANSPARENCY IN EVERYTHING WE DO

Openness and transparency are two of the Bureau's core values — and we uphold 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. Last year, we held consultations on a number of key documents, including our draft [Competition and Compliance Framework bulletin](#) (published November 2015), the [Pre-Merger Notification Interpretation Guidelines](#) (published September 2015) and the [Intellectual Property Enforcement Guidelines](#) (published March 2016).

To bring more transparency to our merger review process, we updated the [Merger Review Process Guidelines](#) in September 2015 to include new instructions on how merging parties should respond to requests for supplementary information. In addition, in April 2015, we issued the [Production of Electronically Stored Information Enforcement Guidelines](#) to inform businesses of our preferred format for receiving electronically stored information during an investigation, making our processing and review of submitted information much more efficient.

We also released 8 position statements to provide the antitrust community, industry stakeholders and the general public with clarity on our approach to certain investigations, inquiries and merger reviews, as well as their results. This included statements about our review of the Renaud Bray and Archambault merger, as well as the NHL/Rogers broadcasting rights agreement.







PRIORITY 2: EMPOWER CANADIANS

Equipping Canadians with new tools and resources to protect themselves

With disruptive technologies and business models reshaping every market sector, consumers need accurate and reliable information to make smarter buying decisions and defend themselves against the latest forms of fraud. By focusing our enforcement efforts on the issues that will have the greatest potential impact on consumers — complemented by innovative new research, outreach and partnership activities — we are empowering Canadians to realize the full benefits of a competitive marketplace.

PRIORITY 2

Create an environment of competitive prices, greater product choice and informed decision-making for the benefit of all Canadians.

COMMITMENTS	STATUS
Pursue consumer-focused enforcement through a wide variety of tools in our <i>Competition and Compliance Framework</i> to assist consumers by preventing and deterring deceptive marketing practices, cartels, and anti-competitive conduct and mergers.	
Conduct research on emerging issues in competition law, economic policy and deceptive conduct to identify matters with the highest potential to affect consumers and then prioritize assignment of adequate resources.	
Promote awareness through outreach activities, including: <ul style="list-style-type: none">• Presentations to consumer groups, partners and the legal and business communities to promote the Bureau's mandate• Developing and delivering an anti-fraud public awareness campaign for Fraud Prevention Month 2016• Increasing visibility and public access to the Bureau's information videos and other educational materials through outreach and social media	
Cooperate and collaborate with consumer protection agencies to act against fraudulent and deceptive advertising in the online and mobile markets.	
Subject to parliamentary approval of the <i>Price Transparency Act</i> , implement legislation and increase awareness of our work in this area through consumer education and outreach.	N/A ⁴
 ACHIEVED  PARTIALLY ACHIEVED	

⁴ Our 2015–16 Annual plan included a commitment to implement the *Price Transparency Act*, which would have helped tackle geographic price discrimination (specifically, the difference in prices between Canada and the United States). After initiating a study of the Canada–U.S. price gap last year — including conducting international benchmarking and contacting industry experts — we suspended our work in this area when the *Price Transparency Act* bill died on the Order Paper.

\$7.34M

IN CUSTOMER RESTITUTIONS

10,993

COMPLAINTS AND INFORMATION REQUESTS

682,070

VISITS TO THE BUREAU'S WEBSITE

6

CONSUMER ADVISORIES PUBLISHED⁵

A Consumer-Focused Approach

Canadians have always been at the heart of everything we do. In 2015–16, we concentrated many of our enforcement efforts on the issues that directly affect Canadian consumers, from exposing hidden mobile phone charges to breaking up price-fixing at the pumps in Quebec.

Not every sale is a bargain

Consumers buy products on sale because they believe they're saving money. But retailers may not always offer sales in good faith. The *Competition Act* contains provisions to ensure that when advertisers promote products at sale prices, consumers are not enticed by references to artificially inflated 'regular prices'. In May 2015, we reached a consent agreement with arts-and-crafts store Michaels of Canada ULC after our investigation found it did not ensure its custom and ready-made frames were offered for sale in good faith before promoting them at substantial discounts. As part of the agreement, Michaels paid a \$3.5 million administrative monetary penalty and established a corporate compliance program to ensure that the price claims for all its products comply with the *Competition Act*.

Keeping gasoline prices affordable in Quebec

Gasoline is a significant expense for most Canadian households, making competition among gas retailers important to keeping costs down. Last year, we secured a \$1 million fine against Les Pétroles Global Inc. for its role in a price-fixing conspiracy in Victoriaville, Sherbrooke and Magog, Quebec — part of a wider investigation that has brought charges against 39 individuals and 15 companies since 2008. To date, more than \$4 million in total fines have been imposed against companies in Quebec and Ontario accused of price-fixing in the retail gasoline market.

Record-setting refunds for wireless customers

In 2015–16, we obtained our largest consumer restitution ever: a total of \$7.34 million in rebates from Telus for facilitating "premium" text message services that consumers were misled into believing were free. As part of that settlement, which resulted from our ongoing investigation into Canada's three largest wireless providers, Telus agreed to donate \$250,000 for research and education on how service providers collect and use customers' personal data, and establish a consumer awareness campaign on how to avoid unwanted wireless charges. We reached a similar agreement with Rogers in 2014–15, securing \$5.42 million in refunds for customers. As of March 31, 2016, legal proceedings against Bell and the CWTA were ongoing.

Assessing the Impact of Disruptive Business Models

The disruptive business models used by companies like Netflix, Uber and Airbnb are dramatically changing the marketplace. In some cases, these changes may lead established companies to engage in anti-competitive behaviour or to pressure regulators to enact rules affecting the ability of these new entrants to operate. As the sharing economy grows and even more new business models emerge and challenge the status quo, the Bureau has an important role to play in promoting the benefits of competition to regulators.

In January 2016, we held a one-day workshop to advance thinking on emerging competition issues. Attended by approximately 120 participants from

⁵ As of the 2016–17 Fiscal Year, the Bureau now uses the term consumer alerts instead of consumer advisories.

Canada and abroad, including representatives from the business, legal and academic communities, this workshop focused on the implications of disruptive business models on competition and regulation, and looked at how to best incorporate factors other than price (e.g., convenience, variety) into a competition assessment. A keynote address on competition advocacy and disruptive innovations was delivered by the Director of the Office of Policy Planning at the U.S. Federal Trade Commission. [A summary of the workshop](#) can be found on our website.

ENGAGING CANADIANS

Reaching out to Canadians is key to increasing awareness and understanding of our role in promoting and protecting competition — and to giving them the information they need to protect themselves against anti-competitive behaviour.

Last year, we delivered a total of 135 speeches and presentations to consumers, partners, academia, and the legal and business communities on a wide range of issues, including corporate compliance and bid-rigging. We also co-hosted two bi-annual consumer group meetings with the Canadian Radio-television and Telecommunications Commission, as part of our efforts to foster a meaningful dialogue about issues that affect Canadian consumers. We continued to share news and initiatives with the public through:

- Sixty-eight announcements on enforcement outcomes, regulatory interventions and cooperation agreements
- Twelve issues of *CB in Brief*, a monthly publication that provides a snapshot of recent Bureau news and developments
- Six consumer advisories to inform Canadians about scams, including three issued during Fraud Prevention Month
- Two issues of *The Deceptive Marketing Practices Digest*, a publication launched in June 2015 to give advertisers a better understanding of the laws we enforce — with the first issue focusing on the digital economy and topics including fake reviews and disclaimers in online advertising

MORE “SOCIAL” THAN EVER

By expanding our social media participation, we have significantly improved the ability of Canadians to access our information and resources. In 2015–16, we:

- Doubled the number of our Twitter followers (to 4,026)
- Posted 981 tweets (up 61%)
- Increased views of our videos to 62,343 (up 10%)
- Increased use of Facebook and LinkedIn to reach more Canadians



Beating Back Fraud with Knowledge

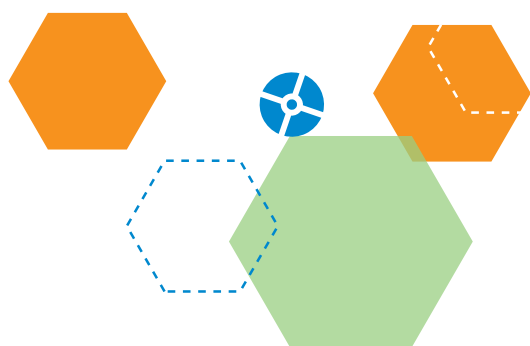
The best weapon against fraud is information. As chair of Canada's Fraud Prevention Forum, the Bureau plays a key leadership role in fighting against fraud both domestically and internationally, which includes participating in Fraud Prevention Month every March. The 2016 edition of Fraud Prevention Month (“**Recognize, Reject and Report Fraud**”) focused on equipping consumers and businesses with the information they need to protect themselves from becoming victims of fraud.

After participating in kick-off events in Vancouver, Toronto and Montreal — along with other Forum partners, such as the Better Business Bureau, Toronto Police Services and Option consommateurs — we used both traditional and new media to raise awareness of several fraud-related issues, leveraging the networks of our partners to reach an even larger audience. This included:

- The “2 Good 2 Be True Day” Twitter chat, which focused on subscription traps and free trial scams
- A [YouTube video](#) highlighting some of the most common investment scams

- Tips for businesses and consumers on how to avoid being scammed
- Tips for new immigrants and refugees about scams that threaten them with deportation or arrest
- Partnering with the Better Business Bureau and Option consommateurs to create the annual Canada's Top 10 Scams list.

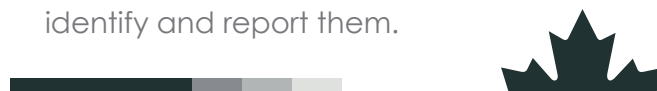
These efforts led to the highest number of consumer contact in the six years of Fraud Prevention Month. The campaigns hashtags #FPM2016 and #MPF2016 were used more than 14,000 times by more than 4,500 people on Twitter, and resulted in more than 56 million impressions across all tweets and re-tweets.



RAISING AWARENESS ABOUT CARTELS

During Fraud Prevention Month, we held our third annual Anti-Cartel Day to help businesses detect and prevent price-fixing and bid-rigging.

Working with the Canadian Chamber of Commerce and other partners, this event featured a panel discussion with representatives from the *Unité permanente anticorruption* of the Sûreté du Québec and the Ontario Provincial Police, giving businesses a better understanding of how cartels work, how to avoid being part of one, and how to identify and report them.



ENGAGING SMALL BUSINESS IN FRAUD PREVENTION MONTH

During Fraud Prevention Month 2016, our partnership with the Canada Business Network (CBN) was essential to delivering our message to more Canadians than ever before. In March 2016, the CBN hosted on its website two blogs written by the Bureau, including one that encouraged small- and medium-sized businesses to build an anti-fraud plan while providing tips on how they can recognize, reject and report fraud. These blogs were also promoted through the CBN's social media accounts. As many competition authorities worldwide find it challenging to reach small businesses, the Bureau is fortunate to be able to leverage a resource like the CBN to engage with this sizeable and very important stakeholder group.

Standing Together Against Online Fraud

To act against fraudulent and deceptive advertising in the fast-evolving online and mobile markets, it is essential for the Bureau to collaborate with consumer protection agencies worldwide to share best practices and experience. Last year, we continued our work with the Canadian Anti-Fraud Centre (CAFC), which collects information and criminal intelligence on mass marketing fraud (e.g., telemarketing), advance fee fraud (e.g., “West African” letters), Internet fraud and identity theft. As a member of the CAFC joint management team, we chaired three meetings alongside the Royal Canadian Mounted Police and the Ontario Provincial Police, and contributed to several decisions on the CAFC’s overall strategic direction.

In addition to our work with the CAFC, we coordinated the 2015 International Consumer Protection and Enforcement Network Internet sweep, which saw 25 agencies participating in reviewing more than

1,500 websites to identify issues, such as “drip pricing” in travel and tourism (i.e., when an advertised price is unattainable because of mandatory additional fees) and e-commerce subscription traps. Nearly half of the websites examined, including Canadian websites, were flagged as being suspicious.











We also contributed to the new version of the Organisation for Economic Co-operation and Development (OECD) [recommendation on consumer protection in e-commerce](#), which has been updated to address the emerging trends and challenges faced by consumers in the digital marketplace. This marks the first significant revision to this document since it was created in 1999.

We also continued to collaborate with the National Cyber-Forensics Training Alliance Canada, and met with domestic and international law enforcement partners to discuss new forensic tools and technologies for capturing and preserving representations made in online and mobile environments — and how to use that evidence in our investigations.



Advocating for competition and innovation in the Canadian marketplace

Promote and advocate for a more competitive marketplace, emphasizing smart regulation focused on achieving legitimate regulatory objectives.

COMMITMENTS	STATUS
<p>Develop a proactive advocacy strategy to highlight impediments to competition, which will include:</p> <ul style="list-style-type: none"> • Complete at least two market studies in regulated sectors of importance to the national economy • Intervene in regulatory proceedings and providing advice to governments where necessary 	  
<p>Collaborate with Canada's provincial and territorial governments and other key domestic partners to identify and analyze regulated sectors that could benefit from increased competition.</p>	
<p>Develop and release guidance to address the interface between intellectual property and competition law.</p>	
<p>Work with ISED to promote the continued adoption of strong competition policy as a cornerstone of Canada's economic development approach and to shape public policy debate on Canada's legislative framework related to matters of competition law and labelling.</p>	
<div>  ACHIEVED  PARTIALLY ACHIEVED  NOT ACHIEVED  DELAYED </div>	

Competition and innovation can be stifled by anti-competitive behavior, but also by overly restrictive regulations that prevent new players with new ideas from entering the market. With business models and technologies evolving faster than regulations can be written, the Bureau continued to provide advice and recommendations to regulators and policymakers across Canada, encouraging them to consider the impacts on competition and innovation of any new regulations they may impose.

6 The Advocacy Unit was subject to a formative evaluation by the Audit and Evaluation Branch of Innovation, Science and Economic Development Canada (ISED) during the fiscal year of 2015–16. To ensure consistency with the recommendations of the evaluation, the development of an advocacy strategy has been put on hold until the evaluation is complete.

25

ADVOCACY-RELATED INITIATIVES

4

SUBMISSIONS TO REGULATORS

120

PARTICIPANTS AT OUR WORKSHOP ON EMERGING COMPETITION ISSUES

Where Competition Hits the Road

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.

Recognizing the need to advocate swiftly for fair competition and innovation in the marketplace, we issued a [white paper](#) in November 2015 calling on regulators to overhaul and modernize Canada's taxi industry regulations. In this document, we 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. We 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 our white paper when revising their taxi regulations — making it one of the strongest, highest-impact examples of our advocacy work to date.

COMMITTED TO CONSULTATION

We often consult and partner with provincial/territorial governments and others to identify regulated sectors that could benefit from increased competition. When we authored our white paper on the taxi industry, our Advocacy Unit consulted with municipal governments across Canada to better understand the issues they were facing with respect to ride-sharing services.



How would you like to pay for that?

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's the message we presented to the Department of Finance Canada in response to their call for comments regarding oversight of the national payment systems in June 2015. In our submission, we 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. We 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.

More choice over channels

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 our submissions to the Canadian Radio-television and Telecommunications Commission's (CRTC) Let's Talk TV hearings in 2014, we made further submissions in response to a call for comments on a proposed wholesale code of conduct which would govern wholesale agreements. We 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.

We 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.

Clearer Communications About IP Rights

Intellectual property (IP) rights have become increasingly important in our knowledge-based economy. We made it a priority last year to help businesses — especially those in the pharmaceutical industry — understand how we deal with competition IP issues such as patent settlements. Following extensive consultations, we 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. We will review the guidelines annually and revise them as needed to keep pace with the changing economic and technological environments.

Contributing to Effective Competition Policy

Competition policy is a cornerstone of Canada's approach to economic development. We provide the federal government with expertise and advice on issues related to competition policy, working closely with ISED to shape public policy debate and provide input on competition-related regulatory and legislative initiatives. We also work with ISED's Canada Business Network to increase our visibility among Canada's small- and medium-sized business communities.

The Bureau works closely with Global Affairs Canada in negotiating the competition policy provisions of Canada's free trade agreements. Last year, we participated in exploratory discussions and trade negotiations and provided support for the implementation and ratification processes. In particular, we supported the negotiations of the competition policy provisions and contributed to related treaty process work for the Canada-Ukraine Free Trade Agreement and the Trans-Pacific Partnership Agreement.

The Bureau also works through multilateral organizations such as the International Competition Network (ICN) and OECD to develop best practices in competition law enforcement and to share policy and enforcement updates that may be useful to other jurisdictions.



TAKING AN IN-DEPTH LOOK AT SPECIFIC MARKETS

Market studies are powerful tools for exploring the competitive dynamics of a particular industry in greater detail. While our annual plan committed to completing two studies last year, we were unable to do so because of other advocacy priorities. Going forward, we intend to conduct a market study on technology-led innovation in the financial services sector, with a focus on how innovation is affecting the use of products and services such as peer-to-peer banking, digital wallets and crowd-funding. The study will also explore whether there is a need for regulatory reform to promote greater competition in this sector.

PRIORITY 4: COLLABORATE WITH PARTNERS

Promoting competition and innovation through new and stronger partnerships

Collaborating with partners in Canada and abroad strengthens our ability to ensure consumers and businesses realize the benefits of a competitive, innovative marketplace. Last year, we continued to work with other government departments, law enforcement agencies, consumer protection organizations and our international counterparts in our enforcement of the *Competition Act*.

PRIORITY 4

Collaborate with domestic and international partners to promote strong competition principles and expand opportunities for Canadian participation in world markets.

COMMITMENTS	STATUS
Finalize and sign MOUs with competition authorities in emerging markets to develop stronger working relationships on enforcement matters.	
Increase collaboration with other government departments, law enforcement partners and domestic and international partnerships.	
Deepen existing relationships related to enforcement cooperation in international fora, including: <ul style="list-style-type: none">Continuing a leadership role on the ICN Merger Working GroupContinuing to participate in ICN working group activitiesProviding ongoing support to the OECD through knowledge exchangeAdvancing our priorities at the OECD through submissions on important issues	
Enhance international engagement with consumer protection agencies such as ICPEN and private sector groups.	
Pursue second generation agreements to deepen cooperation with existing partners.	



ACHIEVED



PARTIALLY ACHIEVED

17

INTERNATIONAL MEETINGS AND WORKSHOPS
ATTENDED

19

INVESTIGATIONS WITH INTERNATIONAL PARTNERS

28

INVESTIGATIONS WITH DOMESTIC PARTNERS

15

BILATERAL MEETINGS WITH FOREIGN LAW
ENFORCEMENT AND COMPETITION AGENCIES

INTERNATIONAL INVESTIGATIONS

The Bureau collaborated with its international partners on 19 investigations last year, including:

- Australian Competition and Consumer Commissioner
- New Zealand Commerce Commissioner
- United States Federal Trade Commission
- Autorité de la concurrence de la France.



Competition is a Global Concern

No country is an island in today's global economy. By sharing information with partners and collaborating on cross-border enforcement, we are better able to combat anti-competitive business practices that affect Canadians.

Protecting consumers on both sides of the border

Canadian businesses, schools and government departments collectively purchase more than \$500 million in office supplies each year. Competition is critical to keeping these costs down. When Staples and Office Depot (which operates in Canada as Grand & Toy) proposed merging, we 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 our commitment to strong international relationships to protect competition here at home.

In our investigation, we 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.⁷

New agreements with international counterparts

We strengthened our network of international partners last year 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 our ability to cooperate with Chinese agencies on enforcement matters. To date, we have entered into cooperation instruments (including MOUs) with 13 jurisdictions around the world.

⁷ In May 2016, we withdrew our challenge when the two parties announced that they were abandoning the merger after a U.S. District Court ruled in favour of the FTC's injunction.

We also actively sought opportunities to deepen our existing relationships — by negotiating “second-generation” cooperation agreements that enhance information sharing and the provision of assistance during international investigations. This led to the signing of a new MOU with the New Zealand Commerce Commissioner, our first second-generation instrument, in April 2016.⁸

Exchanging knowledge with partners around the world

Sharing best practices with our international counterparts helps protect consumers and businesses not only in Canada but all over the world. In 2015–16, we conducted 15 formal bilateral meetings with other competition authorities, including the fair trade commissions of South Korea and Japan. We also attended a trilateral meeting with the United States and Mexico to discuss more effective regional collaboration across North America.

In addition, we provided technical assistance training to the Ecuadorian competition authority, presented on investigative techniques at a United Nations workshop in Colombia, participated in staff exchanges with our counterparts in France and Hong Kong, and hosted study visits with representatives from Singapore and Vietnam.

International Collaborations

To safeguard consumers against fraud and deceptive advertising, we actively collaborate with consumer protection and competition agencies including through international organizations like the International Consumer Protection and Enforcement Network (ICPEN) and the OECD Committee on Consumer Policy.



LEADER IN THE INTERNATIONAL COMPETITION NETWORK

We help develop best practices in competition policy with our 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 participants.

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 these two important bodies. Administratively, the Bureau serves as ICN Secretariat, coordinating activities and meetings such as the ICN Annual Conference.

We also participate in several ICN working groups. For example, we are a co-chair of the Merger Working Group, which promotes the adoption of best practices in merger review. Last year, we also contributed to a project on international cooperation in merger reviews and led the development of the *2016 Merger Remedies Guide*, a framework of principles and practical guidance for designing and implementing more effective merger remedies.

⁸ Although the MOU was signed shortly after the end 2015–16 Fiscal Year, its signature is a result of the negotiations which took place in 2015–16.

ICPEN

We continued to play a significant role in ICPEN, which brings together agencies from more than 60 countries to share intelligence, discuss market developments and develop best practices to tackle the problems faced by consumers around the world. In addition to giving multiple presentations at ICPEN conferences and workshops throughout the year, we participated in and co-led several ICPEN working groups, including the Online Reviews and Endorsements Project Working Group and the Complaints Analysis Working Group. The latter reviews commonly complained-about business practices to consider whether enforcement action should be taken. We also led a project looking at misleading price advertising and drafted a chapter on developing reliable evidence for litigation for the ICPEN Enforcement Training Manual.

OECD

We contributed to international discussions on competition and consumer matters through our work with the OECD. We coordinated four OECD Competition Committee meetings last year, including the 2015 Global Forum on Responsible Business Conduct. We also made several submissions and presentations, sharing our perspective on issues such as antitrust enforcement, oligopoly markets, cartel behaviour in the construction industry and disruptive innovation in the financial sector. In addition, we supported several projects of the OECD Committee on Consumer Policy (CCP) that aim to help public authorities enhance the development of effective consumer policies. As previously mentioned, this includes contributing to the new version of the Organisation for Economic Co-operation and Development (OECD) [recommendation on consumer protection in e-commerce](#). We also attended meetings in April and October, 2015 in Paris, France, to advance the CCP's program of work and collaborated on preparations for the June 2016 OECD Ministerial Meeting on the Digital Economy.

Stronger Partnerships for Enhanced Enforcement

Collaborating with law enforcement agencies is essential to fulfilling our compliance and enforcement mandate. In 2015–16, we further strengthened our investigative capabilities by signing cooperation agreements with both the Ontario Provincial Police (OPP) and the Royal Canadian Mounted Police (RCMP).

Building on our existing relationships, these MOUs will enhance the way we collaborate, consult and share resources with the OPP and RCMP during investigations into cartels, bid-rigging, deceptive marketing practices and other illegal activities that hurt consumers and businesses alike. They will also enhance our cooperation in conducting outreach and awareness activities to educate Canadians on how to detect, report and prevent anti-competitive business practices.

Domestic collaborations

We have signed MOUs with many organizations across Canada in recent years, agreeing to share information and resources to improve our enforcement and to advance our investigations. Agencies with which we have agreements include:

- Canadian Intellectual Property Office
- Office of the Privacy Commissioner
- Ontario Ministry of Government and Consumer Services
- Ontario Securities Commission
- Canadian Anti-Fraud Centre
- Permanent Anti-Corruption Unit (Sûreté du Québec)
- Public Services and Procurement Canada (PSPC)

As a result of these agreements, we continued to engage with our partners throughout the year to tackle common issues. For example, as part of our MOU with Public Works and Government Services Canada (now PSPC), we exchanged information relating to procurement processes and real property transactions by way of collaboration in the areas of enforcement, education and awareness.








PRIORITY 5: CHAMPION EXCELLENCE

Embedding continuous improvement and innovation into our organizational culture

Responding effectively to the rapid pace of change demands adaptability. This means having the capacity to update our own processes and structures to meet the needs of Canadian consumers and businesses. Last year, we focused on building a culture of excellence by adopting a new governance structure, committing to employee development and well-being, and contributing to government-wide transformation initiatives that will create a more efficient and high-performing public service.

PRIORITY 5

Promote a culture of excellence throughout the Bureau founded on openness, collaboration and engagement, and securing tangible results.

COMMITMENTS	STATUS
Complete the implementation of our realignment and new governance structure.	
Develop a Talent Management Framework ⁹ .	
Respond to the Public Service Employee Survey.	
Promote a respectful, healthy and inclusive workplace.	
Support and contribute to the implementation of departmental and government-wide initiatives related to information technology, information management, finance and human resources.	
 ACHIEVED  PARTIALLY ACHIEVED	

⁹ The Bureau's Talent Management Strategy was partially developed in 2015-16. Consultations and focus groups were held with staff, between February and April 2016, to inform the draft strategy. The strategy was completed and shared with staff in 2016-17 for final comments and adjustments. The final version will be published early 2017-18.



An Open and Adaptive Bureau

With the publication of our three-year strategic plan and renewal of our governance structure, we completed our organizational realignment process — the culmination of our multi-year effort to become a more open, collaborative and effective agency.

Planning for the future

In June 2015, following a period of public consultation, we published our *2015–2018 Strategic Vision*. With five strategic objectives that will guide our work over the next three years, this document reinforces the links between our actions and long-term goals to ensure we're making the best possible use of our

resources — and that Canadians continue to benefit from increased competition. The three-year vision also supports our *Action Plan on Transparency*, which promotes the development of a more responsive agency while providing Canadians with more opportunities to learn about our work.

A new governance structure for improved oversight and management

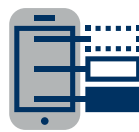
To ensure a more holistic approach to the oversight and coordination of the way we set priorities and allocate our resources, last year, we established **four new governance committees:**

4 New Governance Committees



MAJOR ENFORCEMENT AND ADVOCACY COMMITTEE

OVERSEES THE COORDINATION AND USE OF OUR
ENFORCEMENT AND ADVOCACY RESOURCES



STRATEGIC POLICY AND PLANNING COMMITTEE

SETS OUR STRATEGIC, OPERATIONAL
AND POLICY PRIORITIES



PRACTICES AND PROCEDURES COMMITTEE

DEVELOPS, IMPLEMENTS AND EVALUATES
OUR CONSUMER PROTECTION, LABELLING,
COMPETITION AND ENFORCEMENT GUIDE-
LINES, PRACTICES AND PROCEDURES



CORPORATE MANAGEMENT COMMITTEE

ASSISTS WITH RESPONSIBILITIES RELATED TO
HUMAN RESOURCES, FINANCE, MATERIEL,
INFORMATION TECHNOLOGY, INFORMATION
MANAGEMENT AND SECURITY

Managing our Most Valuable Assets: Our People

Attracting and retaining top talent is crucial to our ability to deliver on our mandate. Over the past year, we made significant progress on the development of our new Talent Management Strategy, which will help us build a more diverse and inclusive workforce that works as “One Bureau” and can respond quickly to external and internal change.

We identified a number of new commitments to be included in the strategy, such as investing in both technical and management skills training; mapping out employees' learning and development options; implementing a more formal succession planning process to develop leadership skills among employees at all levels; broadening the range of work experiences available to employees; and ensuring our staffing and development processes are open and transparent.

Consultations and focus groups on the draft strategy were held with staff in early 2016. The final version of the strategy will be published in 2016–17 and implemented over the course of three years.

An Action Plan to Address the Needs of Our Workforce

The Public Service Employee Survey (PSES) is a measure of public servants' opinions on topics such as employee engagement, leadership and the workplace. In response to the findings of the 2014 PSES, we developed an action plan to address the areas employees identified as needing improvement. It is focused on creating a more respectful and inclusive workplace, providing better training and support for career development, and improving the flow of information from senior management.

Several items in the action plan were successfully implemented in 2015–16. For example, we improved our remote access services, continued our support of the federal government's *Respectful, Healthy and Inclusive Workplace* initiative, modernized our internal communications tools, and completed initiatives to help staff develop and maintain their second language skills.

Contributing to a High-Performing Public Service

The Bureau continues to support the government's transformation initiatives related to information technology, information management, finance and human resources. In 2015–16, we were one of 43 government partner organizations that moved to Shared Service Canada's common email system, which will help to reduce costs, increase security and enhance service delivery to Canadians. We also actively prepared for the transition to GCDOCS, the new content management solution that will standardize electronic document and record management across the public service.

In keeping with the government's *Blueprint 2020* objectives of a modern workplace, we modernized several of our conference rooms with updated video-conferencing equipment to increase collaboration and reduce travel costs. We also continued our collaboration with ISED's Records Management Services to develop more effective retention and archival procedures for our historical records, leading to the disposal of 800 boxes of paper records.



TOWARD A RESPECTFUL, HEALTHY AND INCLUSIVE WORKPLACE

Our Diversity and Inclusiveness Working Group (DIWG), comprised of 20 volunteers across the Bureau, meets quarterly to share ideas on how we can better integrate diversity and inclusiveness into our day-to-day operations. In 2015–16, the DIWG hosted a number of initiatives for staff that focused on promoting well-being and mental health in the workplace. This included a lunch-and-learn presentation on stress management, a full-day workshop for Management Committee members on mental health awareness and management, a webinar on mental health in the workplace, and a joint event with the Canadian Intellectual Property Office on accommodating employees with disabilities.

To improve the health and safety of our employees, we updated our business continuity plans to better reflect our new organizational realignment. We also offered first-aid training to all employees and installed defibrillators throughout our offices, providing training on the devices to several staff members.



FINANCIAL DISCUSSION AND ANALYSIS

The Bureau's budget for 2015–16 was \$49.3 million, including approximately \$10.5 million from user fees.¹⁰ 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.

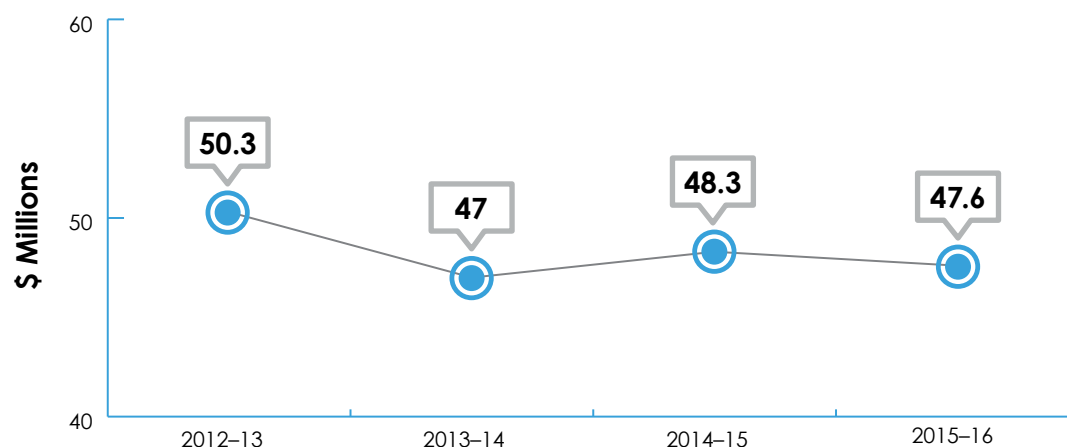
Table 1 presents the Bureau's authorized budget and expenditures for the year.

TABLE 1: AUTHORIZED BUDGET EXPENDITURES FOR 2015–16

	Budget	Expenditure
Salary	\$ 33,617,397	\$ 33,091,489
O&M	\$ 15,143,402	\$ 14,240,031
Capital	\$ 475,515	\$ 304,577
TOTAL	\$ 49,263,314	\$ 47,636,097
FTEs	362	

Figure 1 illustrates the Bureau's spending trend from 2012–13 to 2015–16.

FIGURE 1: BUREAU SPENDING TREND, 2012–13 TO 2015–16



¹⁰ The Bureau collected approximately \$10.5 million in user fees (including \$10,450,000 from pre-merger notification and advance ruling certificates, \$ 40,000 for written opinions and \$74,700 for fulfilling requests for CA numbers).

