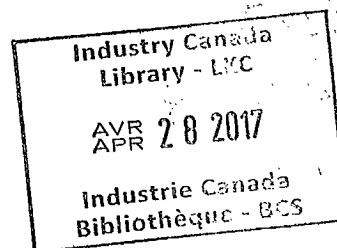
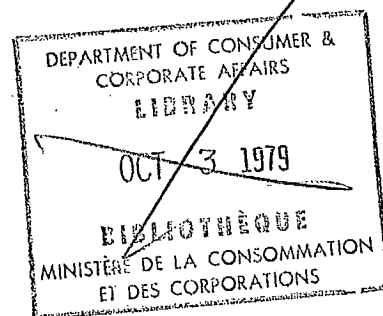




Department of consumer and corporate affairs



the department and its functions



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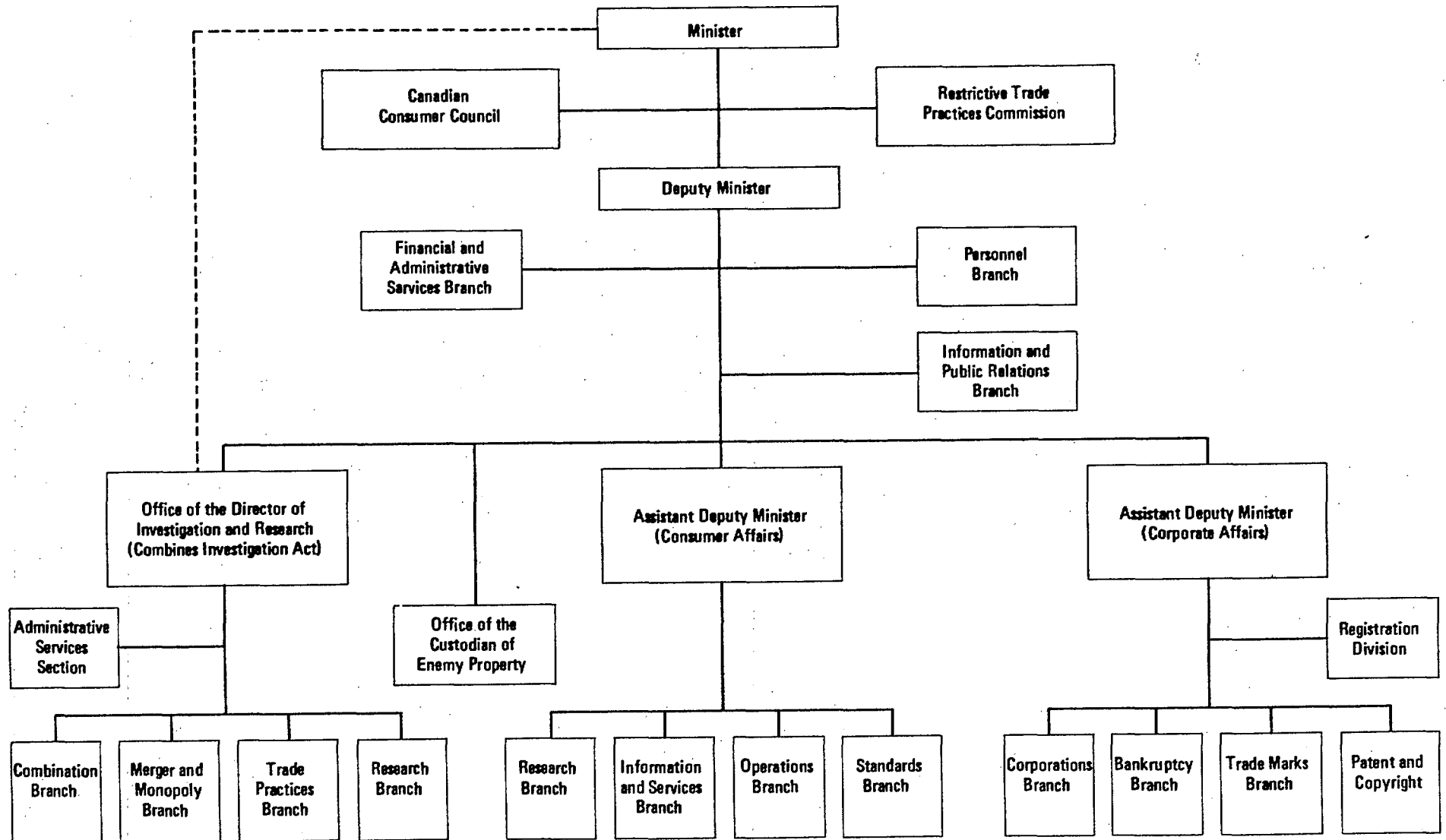
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A REFERENCE PAPER ON THE FUNCTIONS OF THE
DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

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DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS



REGIONAL OFFICES

- HALIFAX
- MONTREAL
- TORONTO
- WINNIPEG
- VANCOUVER

REGIONAL OFFICES

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- VANCOUVER

A NEW DEPARTMENT

The Act to establish the Department of Consumer and Corporate Affairs was passed by Canada's 27th Parliament and assented to on the 21st of December, 1967.

The former Department of the Registrar General was absorbed by the newly-formed Department of Consumer and Corporate Affairs and the new department has since been augmented by the transfer of certain units from the departments of National Health and Welfare, Trade and Commerce, Agriculture and Fisheries.

Its present Minister is the Honourable Ron Basford.

WHY A DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS?

One hundred years ago, Canada had a village economy -- goods and services were produced or supplied locally, distributed locally and consumed locally. There was a close, personal relationship between producer and consumer which was self-correcting and self-regulating in the classic free-enterprise way.

We have outgrown our village economy. We now have an economy of mass production, mass distribution, mass marketing and mass consumption. While these developments have produced many benefits, they have also created a marketplace in which the individual consumer or investor, and for that matter, the individual producer or supplier, often has very little influence or control.

The Department of Consumer and Corporate Affairs was created in the belief that this mass economy or mass market is not always fair or just to the consumer or investor, that it is not always organized for or operates in the general interest of the country.

On the one hand, our activities are designed to foster a climate in which business can prosper in a free market system; on the other, we have an essential task to perform for the consumer, whose demand for goods and services is the foundation of our whole economy.

Our aim is to obtain for all citizens just and fair economic treatment, whether they make their impact on the demand or the supply side of the marketplace, whether they be consumers, investors or businessmen.

Consumer Goals

If Canadians are to get the best results from the market system, they must feel confident that they are making an intelligent, effective and satisfying choice when they exercise their purchasing power.

To further this result, the department has set the following consumer goals:

- 1) Protection against fraud and deception ^{36 CIP}
- 2) Protection against accident and health hazards ^{37 CIP}
- 3) Assurance that the market system is competitive ^{CIP}
- 4) Assistance to the consumer so that he can make valid choices and judge true prices ^{> find out}
- 5) Provision of a means for receiving and answering consumer complaints, queries and suggestions ^{Box 99}
- 6) Representation of the consumer in the councils of government.

Business Goals

The Department of Consumer and Corporate Affairs is responsible for much of the legal framework within which business operates and thus exerts an orderly influence on the supply side of the market.

To further this end, the department pursues the following goals for the businessman:

- 1) Freedom to choose his means of livelihood and to invest his capital in the business of his choice

- 2) Freedom to incorporate his enterprise, thereby creating an artificial legal entity which is separate from himself as its owner, and is capable of marshalling capital on an efficient scale.
- 3) Reasonable access to markets and to supplies of the goods necessary to his business
- 4) Freedom to innovate and compete
- 5) Freedom from unwarranted restraints which prevent him from entering an industry or a market and limit his freedom to innovate and compete

Investor Goals

The Department's goals for the investor include:

- 1) Developing investor confidence based on adequate information
- 2) Achieving full disclosure of all relevant facts necessary to making a sound investment decision
- 3) Protection against fraudulent and deceptive practices in the securities market.

The Four Freedoms

These objectives and goals are in harmony with the basic goals in our democratic society, which are goals common to consumers, businessmen and investors alike:

- 1) Freedom of choice 3) Freedom from fraud and deception
- 2) Freedom of action 4) Freedom from fear of physical
or economic injury.

PROGRAM CONTENT

The programs the Department of Consumer and Corporate Affairs has established to carry out its functions come under three main headings:

- 1) Consumer Protection
- 2) The Orderly Conduct of Business
- 3) Competition Policy

Consumer Protection

The Department is completing plans for a program to convey information to consumers concerning grades and standards used in the description of products.

The consumer will also be kept informed as to the manner in which the market operates, how to identify the choices of goods and services available and how to make the best choice according to the consumer's means and requirements. The objective is to equip the consumer to take more effective action on his own behalf.

It is also part of the service function of the department to improve the lines of communication between buyers and sellers so as to make consumers' complaints more effective. THE CONSUMER, BOX 99, OTTAWA, provides a focal point for the gathering

of consumer complaints in order that they may be drawn to the attention of the manufacturers or suppliers involved. This not only helps the parties concerned, it also helps the department to learn where there are classes of problems which may require remedial action.

A second important function in the area of consumer protection is research, planning and co-ordination. This calls for the identification of consumer problems, both existing and anticipated. Many consumer problems can be corrected through legislative or other action by the provincial authorities, consultation with other departments of the Federal Government, private organizations, businessmen and consumers.

The consumer will be protected on a national scale by periodic inspection of meat and agricultural products, fish and other foods, to ensure that they comply with the standards imposed by federal laws.

Inspections are also carried out under the Weights and Measures Act in order to protect the public, including the business community, with respect to the accuracy of weights and measures on which they rely.

While an extensive field service will be the eyes and ears of the Department throughout the country, the enforcement of the statutes that relate to consumer protection will require special attention in Ottawa.

This function, essentially regulatory, will also require a good deal of consultation and co-ordination to ensure that certain statutes administered by other departments are vigorously enforced in the interest of the consumer.

The job of enforcement also includes the drafting of remedial legislation within the federal jurisdiction that may be necessary to prohibit or regulate activities adversely affecting the consumer interest.

The Orderly Conduct of Business

One of the main duties of the Department is to facilitate the use of the corporation in private enterprise while providing proper safeguards for creditors and investors.

The businessman, at the outset of his new venture, has a choice, to incorporate or to enter business as an individual. His choice will depend on the kind of business he seeks to enter, his capital requirements, and whether he wishes to retain full control or is prepared to share ownership with a number of parties.

The provision of facilities for incorporation is an important function of the department, exercised through the Canada Corporations Act.

Of equal importance is the necessity to ensure that persons who wish to invest in a corporate enterprise will not be defrauded or misled about the financial conditions and economic prospects of the business, and to ensure that shareholders and prospective investors are kept fully informed about the affairs of the corporation and that shareholders are provided with proper means to exerting their influence on the operations of the corporation including any changes in corporate structure.

In addition to protecting investors and shareholders, we have a responsibility to encourage investment by inspiring confidence in the securities market. An efficient capital market is essential to our economic growth and its operations are of national concern.

A further function is to provide certain facilities and incentives to innovation, particularly technological in character. This is accomplished by the protection of certain rights of ownership in industrial and intellectual property which is the product of man's creative inventiveness. These property rights are created through the issue of patents, the law of copyright, and the protection of registered industrial designs.

Another function relating to the orderly conduct of business relates to bankruptcy and insolvency. One of the rights of the businessman or the individual is the right he has as a creditor or debtor to resolve the problem of permanent default through the machinery of bankruptcy. The defaulting debtor is given an opportunity to undertake a program for the orderly payment of his debts or the division of his assets for this purpose, after which he receives his discharge; while at the same time the creditors receive payment of their claims to the extent that the assets of the bankrupt permit.

An important function in administering the bankruptcy laws is to enforce the provisions of the criminal law that are meant to prevent fraudulent practices of this kind.

Competition Policy

The consumer is entitled to the benefits of a competitive market and competitive prices; goals for the businessman include freedom of entry into a business or industry, reasonable access to markets and supplies, freedom to compete, and freedom from restrictive business practices.

Competition policy relates to specific goals for businessmen as well as consumers' goals. It is the function of the Department of Consumer and Corporate Affairs to ensure that an identifiable competition policy consistent with the government's overall economic objectives is developed and applied.

There are two aspects of the functions of the department in this respect. The first function is to enforce the anti-combines legislation which is designed to protect the public interest in free competition. Secondly, the Minister and the departmental officials have the function of ensuring that economic policies are not adopted by the government without taking into account the necessity of maintaining a freely-competitive market system.

The anti-combines legislation prohibits agreements or conspiracies in restraint of trade, such as agreements for price-fixing, bid-rigging, market-sharing, profit-sharing and group boycotts of competitors, suppliers or outlets.

It also prohibits mergers that may lessen competition to the detriment of the public and also prohibits abuse of a monopoly position.

Certain unfair trade practices are also prohibited by the law, including price discrimination, predatory pricing, disproportionate promotional allowances and resale price maintenance, all of which are forms of conduct which have an ultimate effect or tendency of limiting competition in the market.

ORGANIZATION OF THE DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

HOW WE SERVE THE CANADIAN CONSUMER

The Bureau of Consumer Affairs was created to inform the consumer of his rights and choice in the marketplace as well as to investigate and analyze problems with which the consumer is confronted. Branches within the Bureau include Service and Information, Research, Operations and Standards.

The Service and Information Branch deals with consumer complaints and inquiries and distributes consumer bulletins. Consumers with a question, a suggestion or a complaint are invited to write to THE CONSUMER, BOX 99, OTTAWA.

The Research Branch conducts research into consumer problems and engages in planning consumer programs.

The Operations Branch provides a unified field inspection service for the consumer.

The Standards Branch, made up of units formerly with the Department of Industry, Trade and Commerce, and the Department of National Health and Welfare, is responsible for the development of new consumer standards.

HOW WE PROMOTE COMPETITION

The Director of Investigation and Research under the Combines Investigation Act is responsible for the administration of that Act.

The basic purpose of the Act is to assist in maintaining free and open competition as a stimulus to the achievement of maximum production, distribution and employment in a private enterprise system.

In carrying out their duties, the Director and his staff enquire into combinations in restraint of trade and mergers and monopolies detrimental to the public. They also investigate unfair trade practices involving price discrimination, disproportionate promotional allowances, misleading representation about prices and resale price maintenance.

Any evidence of restrictive practices may be submitted to the Restrictive Trade Practices Commission for public hearings and reports, or directly to the Attorney General of Canada for prosecution.

HOW WE SERVE CANADIAN BUSINESS

The corporate side of the Department comes under the Assistant Deputy Minister (Corporate Affairs) and includes the Patent and Copyright Office, the Trade Marks Branch, the Corporations Branch, the Registration Division and the Bankruptcy Branch.

The Patent and Copyright Office administers the Patent Act which provides for the granting of patents of invention, the Industrial Design and Union Label Act, the Timber Marking Act and the Copyright Act. It also publishes the "Canadian Patent Office Record" on a weekly basis.

Examination and disposal of a patent application by the Patent and Copyright Office entails a search for novelty, consideration of inventive subject matter, a decision as to patentability and verification of compliance with procedural requirements.

The statute provides for a grant of a 17-year exclusive right to the inventor in return for his disclosing and making available to the public the product of his inventive genius and labors. It also contains provisions to safeguard the public interest against possible abuses of patent rights.

A system of voluntary registration of copyrights is in force and a certificate of registration issued by the Office is "prima facie" evidence before the courts that the work belongs to the person in whose name it is issued.

An exclusive right for an industrial design may be acquired with the provisions of the Industrial Design and Union Label Act. Such exclusive rights last for a period of five years and can be renewed for a further five-year period.

The Trade Marks Branch is responsible for the administration of the Trade Marks act which ensures safety of product identification.

The Branch maintains a complete record of all trade marks registered under the Act and publishes weekly the "Trade Marks Journal," in which applications for the registration of trade marks are advertised.

Applications to register trade marks are available with a copy of the Act at the Trade Marks Branch or through the Queen's Printer, Ottawa, Canada. When an application is received in the Branch, it is handled by one of the examiners on the departmental staff.

Records are open to the public and anyone who wishes to search for other trade marks may do so by written request.

The Corporations Branch administers the Canada Corporation Act, dealing with the incorporation of corporations, the filing of financial statements and annual summaries, the maintenance of a register of mortgages and charges of such corporations, and similar matters.

The Branch also administers the Boards of Trade Act, the Trade Unions Act and the Pension Fund Societies Act, and keeps an up-to-date index on all Canadian corporations, whether federally or provincially incorporated.

The Bankruptcy Branch is responsible for carrying out the provisions of the Bankruptcy Act. The Act is administered by the Superintendent of Bankruptcy who investigates and reports to the Minister.

Amendments to the Act in 1966 gave the Superintendent responsibility for the investigation of allegations as to any offences and irregularities occurring prior to bankruptcy. Findings are reported to the deputy attorney general of the province concerned.

The Minister is responsible for the administration of the following acts:

- ✓ 1) Canada Corporations Act
- ✓ 2) Combines Investigation Act
- ✓ 3) Trade Marks Act
- ✓ 4) Copyright Act
- 5) Timber Marking Act
- 6) Industrial Design and Union Label Act
- 7) Bankruptcy Act
- 8) Farmers' Creditors Arrangement Act
- 9) Pension Fund Societies Act
- 10) Part 1 of the Winding Up Act
- 11) The Trading with the Enemy (Transitional Powers) Act
- ✓ 12) The Weights and Measures Act
- 13) The Electricity Inspection Act
- 14) The Gas Inspection Act
- ✓ 15) The National Trade Mark and True Labelling Act
- 16) The Precious Metals Marking Act
- 17) Section 19 of the Currency, Mint and Exchange Fund Act
- ✓ 18) Patent Act
- ✓ 19) Hazardous Products Act
- 20) Boards of Trade Act

IF YOU WOULD LIKE MORE INFORMATION ON THE DEPARTMENT OF CONSUMER
AND CORPORATE AFFAIRS, PLEASE WRITE TO:

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