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Chair: Mr. Joël Lightbound



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• (1305)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): I call this meeting to order.

Welcome to meeting number 23 of the House of Commons Standing Committee on Industry and Technology.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Friday, April 8, 2022, the committee is meeting to study competitiveness in the context of small and medium-sized enterprises.

Today's meeting is in hybrid format, with some members in the West Block, in Ottawa, and other participants on Zoom.

Those who are here in Ottawa are familiar with the health rules in effect and must therefore conduct themselves accordingly.

I'm very pleased today to welcome to the committee witnesses who have valiantly and graciously agreed to join us on this magnificent Friday afternoon. I thank them very much for being here.

We have, as an individual, Jennifer Quaid, Associate Professor and Vice-Dean Research, Civil Law Section, Faculty of Law, University of Ottawa; from the Automotive Industries Association of Canada, Jean-François Champagne and Steve Leal; from the Canadian Health Food Association, Aaron Skelton, President and Chief Executive Officer; from Canadian Manufacturers and Exporters, Matt Poirier; and, lastly, from the Mississauga Board of Trade, Trevor McPherson, President and Chief Executive Officer.

I wish to inform the members who will be asking questions of the fact that Mr. McPherson will have to leave us at 2:00 p.m. Consequently, if you have any questions for him, ask them first.

Without further ado, we will begin with Ms. Quaid.

Ms. Quaid, you have the floor for five minutes.

[*English*]

The Clerk of the Committee (Mr. Michael MacPherson): I'm sorry, Mr. Chair; we're waiting for her to appear.

The Chair: Okay. I wasn't sure if she was in the room, Mr. Clerk. Thank you for that information.

We'll just wait one minute.

Are Mr. Champagne and Mr. Leal in the room? Yes.

[*Translation*]

Mr. Champagne and Mr. Leal, I can't see what's happening in the room. This is one of the joys of the hybrid format.

However, we will begin with you, to allow Ms. Quaid to join the meeting.

Gentlemen, the floor is yours for five minutes.

Mr. Jean-François Champagne (President, Automotive Industries Association of Canada): Thank you very much, Mr. Chair.

[*English*]

I will deliver my remarks in English; however, I am happy to respond in French as well.

[*Translation*]

Good afternoon, everyone.

My name is Jean-Francois Champagne,

[*English*]

I'm the president of the Automotive Industries Association of Canada or, as we're also very well known, AIA Canada.

I'm joined today by Steve Leal, an AIA board member and the president and CEO of Fix Network, a global leader in collision, glass and mechanical repair services operating over 2,000 points of service worldwide.

AIA represents Canada's automotive aftermarket industry, an essential service industry that includes the manufacturing of replacement parts, distribution networks, and service and repair shops. We are responsible for keeping Canada's 26 million vehicles on the road in a safe condition. Our industry almost exclusively comprises small and medium-sized enterprises.

I'd like to focus my comments today on two key issues: competitiveness and labour shortages. While this may be the substance of my remarks, we're happy to answer other questions the committee members may have related to the items being covered in this important study.

Canada's automotive aftermarket industry punches well above its weight when it comes to its economic impact. We employ nearly half a million Canadians and we contribute \$32 billion annually to the economy.

Independent repair shops are in every riding across Canada, with nearly 25,000 facilities across the country. That would compare to about 4,500 automaker-authorized dealerships. These independent shops ensure that Canadians in every community—including small and remote—have reasonable and timely access to essential repair services for their vehicle.

Despite a healthy number of employees working in the sector today, our members are worried about labour shortages and skills shortages. The need for qualified automotive service technicians vastly outpaces the supply. Automotive service technicians are one of the top five most in-demand trades in the country. To keep pace with the current demand for labour, in four years Canada needs to certify 11,000 apprentices.

Further, new technology in vehicles is creating a skills shortage. Modern vehicles are essentially wirelessly connected computers on wheels and are serviced very differently from their predecessors. To service them, automotive tradespeople need new skills and competencies. This is particularly true when it comes to electric vehicles, which require skills related to high-voltage systems and things such as battery removal.

Skills training systems that exist today are not flexible and responsive enough to keep pace with emerging vehicle technology. Industry, with government support, can help raise awareness about how technology is changing the type of work that automotive tradespeople do. This in turn can help attract more students to the industry at a younger age and more people from non-traditional groups, such as women and new Canadians.

Collaboration can also allow for more training that bridges the gap between what workers need, such as up-to-date equipment and tools, and what the current training system offers. AIA has been working with governments and post-secondary institutions to provide this support, and I would be happy to cover this in the Qs and As more specifically.

We have people challenges, but we also have a policy challenge that has yet to be addressed by parliamentarians, and that is providing consumers with the right to repair their vehicles at the auto repair shop of their choice.

Vehicles are increasingly becoming like cellphones, connected wirelessly at all times. Every new vehicle sold in Canada generates copious amounts of data on how the vehicle is performing. Increasingly, the ability to service a vehicle depends on an auto repair shop's having access to this data. Currently, automakers—not vehicle owners—are the owners of the vehicle data. If our industry is to remain competitive, automakers should be required to provide access to this data so that consumers can continue to choose where they get their car serviced. Without intervention, automakers will continue to control the terms through which independent auto repair shops access necessary data. This means potential shop closures, compromising thousands of jobs. For the consumer, it means limited access and higher costs.

The current voluntary agreement between automakers and the aftermarket works well for traditional cars, but not for modern vehicles. Consumers need to be protected by legislation to reflect this new reality. More importantly, you should know that 83% of Cana-

dians agree that automakers should be required by law to share data with independent repair shops.

If you want an example of why we need right to repair legislation in this country, let's look no further than EVs—electric vehicles. The government has made it clear that accelerating EV purchases is a major priority in order to help reduce emissions. Right now, our businesses would struggle to service EVs, as the automakers have made it increasingly difficult for our shops to access the data needed to do so. EV adoption, particularly on the scale desired by government, simply will not happen unless our businesses are able to service these vehicles.

Lawmakers around the world have recognized the importance of the right to repair, including legislation that gives consumers the right to repair their vehicles. Canada cannot afford to be left behind. Government must act quickly to advance right to repair principles through forthcoming legislative efforts. Addressing these issues will allow our small and medium-sized enterprises to remain competitive and to continue to serve as the primary provider of essential services for vehicle repair for Canadians.

• (1310)

Thank you for your time. I'm looking forward to answering your questions.

[*Translation*]

Thank you.

The Chair: Thank you very much for your testimony, Mr. Champagne.

I now give the floor to the Canadian Health Food Association.

We are listening, Mr. Skelton.

[*English*]

Mr. Aaron Skelton (President and Chief Executive Officer, Canadian Health Food Association): As the president and CEO of the Canadian Health Food Association, I can tell you that our sector and membership are defined by small and medium-sized businesses that are dedicated to providing Canadian customers and consumers with natural, organic wellness products that help to promote their families' health.

Our manufacturers, distributors, wholesalers, importers, and retailers are in almost every community across the country. In total, there are over 2,800 retail stores selling natural health products, organic food, and wellness products in Canada, the vast majority of which are small and medium-sized business owners.

As we know, health is a top priority for Canadians. In this context, a national survey we conducted found that 73% of Canadians used natural health products. I'll let that sink in for members: 73% of your constituents are using our products to promote healthy living. In other words, we are an important part of how Canadians maintain their health and well-being.

While we may be small and medium-sized businesses, collectively natural health products contribute over \$3.7 billion to the Canadian economy. Our members are very proud to employ over 55,000 Canadians across this country. I thank you for studying small and medium-sized businesses, as it is critical that parliamentarians understand the challenges our businesses face and the opportunities that lie before us.

Today, I want to highlight two critical federal government files that are of concern to our members. One is a significant missed economic and growth opportunity, and the second is an overburdening regulatory shift.

On the opportunity side, I'd like to highlight the slow movement of the government to recognize CBD as a natural health product. CBD is the part of cannabis that does not get you high, and potentially has a slew of therapeutic benefits.

Since the laudable legislation of recreational cannabis, the sale of CBD products is only through recreational cannabis stores or through medical access with a doctor's note. This makes no sense, as CBD, when sourced from a plant, is natural and, as a raw material, should belong under Canada's established natural health products regulations. It is worth noting that regulating CBD as a natural health product was one of the options identified by the expert committee created to advise the government on how cannabis products should be regulated.

The federal government has been inexplicably stalling on CBD policy, resulting in a missed opportunity to create jobs and growth. This prevents natural health product businesses from capitalizing on the demand for CBD health products and, most importantly, is allowing an illicit market for CBD health products. Canada cannot ignore the economic opportunity presented by a CBD health product market. We urgently need to capitalize on our first mover advantage to the emerging global CBD market.

Clearly, Canadians want safe and effective CBD products, and Canadian companies want to innovate and create jobs by providing a safe and effective product to consumers. It is the government that is standing in the way. In fact, a report from the Institute of Fiscal Studies and Democracy identified clear economic benefits of a CBD health product market.

The second issue is the government proposal for changing how self-care products are regulated. Our members are very concerned by the approach proposed by officials. These changes are being presented to industry with a piecemeal approach that will result in extensive financial costs and disruption to the entire supply chain at a time when the economy needs to recover from the impact of COVID-19.

What are the consequences of this piecemeal approach? They are unnecessary financial strain on small and medium-sized businesses, higher prices on products for healthy families, a decline in product

selection, and an increased environmental footprint, all things that I believe we can all agree should be avoided.

Thank you for your time today. I'd be happy to expand on any of these issues during member questions.

• (1315)

The Chair: Thank you very much, Mr. Skelton.

We'll now move to Mr. Poirier from Canadian Manufacturers and Exporters.

The floor is yours.

[*Translation*]

Mr. Matt Poirier (Director, Trade Policy, Canadian Manufacturers and Exporters): Thank you, Mr. Chair.

I wish you all a good afternoon.

[*English*]

It's my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members to discuss the state of Canada's small and medium-sized enterprises.

The manufacturing industry is 10% of Canada's GDP, produces two-thirds of Canada's value-added exports and employs 1.7 million people in high-paying jobs across the country. Our association's members cover all sizes of companies, but the majority of them are SMEs. Actually, most of Canada's manufacturing companies are SMEs.

Canadian Manufacturers and Exporters, or CME, has long been an advocate for addressing SMEs' various challenges. What differentiates CME from other associations, however, is our fundamental belief that the policy of the government should be to grow SMEs into large companies. Current government policy is not designed to achieve this end, but rather to keep SMEs small. In fact, 75% of Canadian manufacturers are small companies with fewer than 10 employees. In the U.S., just 58% of companies have fewer than 10 employees. While all companies start out small—and there's nothing inherently wrong with being small—size does limit a company's ability to attract workers, invest in automation or green transitions, expand production lines and export. SME labour shortages and supply chain disruptions are two areas that illustrate how our disproportionately high rate of small companies acts as a drag on Canada's overall economic competitiveness.

Take labour shortages. Manufacturers big and small are struggling to fill vacancies, and all this is happening even though manufacturing is one of the highest-paying sectors in the country, but the smaller your company and the more in need of specialized labour it is, the bigger the recruiting challenge. In such tight labour markets, not being able to pay top dollar limits you even further. My main message here is that an SME manufacturer struggles more than larger manufacturers in getting the workers they need. This, in turn, restricts their business potential and hurts Canada's competitiveness.

The second challenge is supply chain bottlenecks. Manufacturers are still struggling with disruptions. Again, the smaller your company is, the more pain you feel on the supply chain front. According to a CME survey, nine out of 10 manufacturers report encountering supply chain issues. The added challenge for SME manufacturers with supply chains is their lower position in the pecking order for critical components. We currently have a situation in Canada where a company can have an increase in customer orders and a workforce ready to go but nothing to build because they're waiting on parts, parts their larger global competitors had less trouble securing. Again, because our proportion of SMEs is bigger than in other countries, these problems ripple through the entire economy and hold us back.

I'm happy to expand on these labour and supply chain challenges in more depth in the Q and A, but for now, how do we help alleviate these challenges and grow our SMEs so that they can avoid these structural problems in the future?

First, plug our labour shortage issues through immigration. Pandemic backlogs must be addressed, and we encourage the government to dedicate all the resources required to do that. We also must speed up the introduction of the trusted employer stream to the temporary foreign worker program. In time, we need to aggressively increase our intake targets to 500,000 per year in the economic stream alone. We need workers.

Second, provide financial assistance to manufacturing companies still feeling supply chain disruptions. Because our manufacturing companies are on average smaller than our global peers, we are lower on the priority list when it comes to getting short-supply parts like microchips. We need to correct for this uniquely Canadian problem by bridging our manufacturers through these parts shortages.

Third, make our policy to grow SMEs into larger firms. Tax reforms that cut costs to business and change incentives to reward growth rather than company size are the first step. Implementing a patent box regime to foster commercialization of patents is the next step. Finally, provide more support to SME manufacturers, and accelerate the adoption of automation and green technologies. By increasing the competitiveness and the scale of the manufacturing sector, we can better produce needed materials at home and reduce our reliance on foreign suppliers. While in the short term we must address the many challenges facing SMEs, our long-term strategy must be to grow these companies.

- (1320)

Thank you again for inviting me. I look forward to the discussion.

The Chair: Thank you very much, Mr. Poirier.

I'll now move to Mr. McPherson from the Mississauga Board of Trade.

The floor is yours.

Mr. Trevor McPherson (President and Chief Executive Officer, Mississauga Board of Trade): Thank you very much, Mr. Chair and members of the committee.

On behalf of the Mississauga Board of Trade, thank you for the opportunity to appear before you on this very timely study on labour shortages and productivity issues faced by our small and medium-sized enterprises. I would particularly like to acknowledge MP Iqwinder Gaheer for inviting us to be with you today.

Since 1961, the Mississauga Board of Trade has been the voice of business in Mississauga, with close to 1,000 members in virtually every sector of the economy. Mississauga is truly one of the most diversified urban economies in Canada.

The city of Mississauga is home to Canada's largest international airport, Toronto Pearson, and as such contains most airport employment zone businesses, serviced by most of the 400-series highways and both CN and CP rail lines. Mississauga, in many ways, is the goods movement and supply chain capital of southern Ontario, if not Canada as a whole.

Committee members will appreciate that labour challenges have long existed, well before the COVID-19 pandemic, and have simply been exacerbated by this situation. While there is no magic bullet to solve our labour shortages, which exist in both skilled and unskilled labour, the government should work closely with industry to consider new programs around training and supports, as well as worker-focused immigration policies, and work with the provinces, territories, and professional and labour associations to provide for better recognition of foreign-trained credentials and an efficient pathway for newcomers to bring their relevant skills and experience to where they are needed most in the labour market.

Regulatory burdens and bureaucracy also play a role in the difficulty in recruiting and hiring new employees. The Mississauga Board of Trade sponsored a resolution before the Canadian Chamber of Commerce a couple of years ago, calling for an expedited review of the national occupational codes to ensure these match up with the realities of the job market today in Canada and the need to include new categories to keep up with industry demand, technological advancement and an economy in transition.

There has been much in the news lately concerning supply chain issues, both within Canada and around the world. As a major logistics hub in southern Ontario, we know first-hand from our members about this very significant challenge. Some of this, of course, is the marketplace functioning, with impacts on production and transportation of goods stemming from a wide variety of reasons. However, government regulations and how agencies like the CBSA, Health Canada and others operate can have the effect of slowing down effective and efficient goods movement and should be constantly reviewed by the government.

Of course, current levels of inflation are a significant concern for the business community, and small and medium-sized enterprises specifically. For many of these firms, the impacts of the pandemic are far from over, as they struggle with all kinds of cost pressures on their businesses, not to mention the significant levels of debt that has been incurred as a result of the COVID-19 pandemic. The government should look closely at its own fiscal policies to ensure it is not adding to inflationary pressures through the impact that taxes, fees and other charges have on the cost of virtually everything.

We often talk about a competitive Canada that can compete and win in the global economy. There is much truth to this, and Canadian companies are agile and adaptable. At the Mississauga Board of Trade, we promote trade diversification and expose our members to opportunities in markets where Canada has a competitive advantage. Canada's free trade agenda should be applauded and aggressively promoted so that we see more Canadian companies successfully competing with the best in the world.

We would encourage the government to review, modernize and update the Competition Act, the Privacy Act and any other regulations that hinder an open and competitive marketplace or permit frivolous cases to be brought forward by competitors. Together with a competitive tax regime, this would also position Canada to better compete with other developed markets for foreign direct investment, which in turn brings new business opportunities to thousands of small and medium-sized businesses across the country.

There is no question that the federal government stepped up to support small and medium-sized businesses and their workers throughout the COVID-19 pandemic. However, I would be remiss not to emphasize that we are now in the so-called financial long COVID phase of recovery, and government must recognize the significant challenges businesses will undoubtedly face with debt repayment and a prolonged period in returning to pre-COVID-19 business levels in many sectors of the economy.

• (1325)

Again, thank you for the opportunity to address the committee today. I look forward to the question session.

The Chair: Thank you very much, Mr. McPherson.

I welcome Madame Quaid to our committee.

The floor is yours for five minutes.

[*Translation*]

Dr. Jennifer Quaid (Associate Professor and Vice-Dean Research, Civil Law Section, Faculty of Law, University of Ottawa, As an Individual): Thank you, Mr. Chair and honourable members of the committee.

My name is Jennifer Quaid, and I am an associate professor and vice-dean for research in the Civil Law Section of the University of Ottawa. My fields of expertise are corporate criminal law, competition law, anti-corruption law, business law and general criminal law.

I am very pleased to be appearing before you today to discuss competition law as it relates to SMEs.

I will begin by briefly providing some general competition law background. I'll be switching between English and French during my remarks. I hope that isn't a problem for anyone.

[*English*]

I would like to focus my remarks on the ways in which competition law and policy relate to SMEs. In doing so, I will discuss the current amendments that have been put forth in the first budget implementation act and how these may affect SMEs. I will also touch on the importance of broader reform to competition law and policy and the importance of integrating competition policy into a larger, transversal approach to economic policy.

Competition policy is a part of economic policy and as such should operate in tandem with other policies across departments and agencies in the service of Canadian society as a whole. At present, competition policy, particularly the specific framework of rules that form the body of competition law, the act and its legal interpretations, has developed largely as a distinct field. It has tended to have a small footprint, erring on the side of lesser intervention rather than greater. It is built on a foundation of neoclassical economics, which assumes that in general market capitalism should be left to operate with as little intervention as possible. I am generalizing here. Where an intervention is required, it should be as minimal as possible, to address the worst of anti-competitive effects that could have been or might be caused.

There are a couple of things that characterize competition law that are germane to the work of this committee.

First, the purpose of the act is not competition for competition's sake. The guiding principle is that competition is the best way to generate certain desirable benefits in society. These desirable benefits are identified in section 1.1 of the act. Other experts who have appeared before you have spoken about these benefits. There are four of them: promoting the efficiency and adaptability of the Canadian economy, expanding opportunities for Canadian participation in world markets while at the same time recognizing the role of small and medium-sized enterprises, ensuring an equitable opportunity to participate in the Canadian economy, and providing consumers with competitive prices and products.

There is much debate about the purpose clause and which goals are or are not identified in it. At this critical juncture in the digital transformation of society, the time is right to take a hard look at the purpose clause. Is it, as some have argued, an arbitrary and unworkable collection of aspirations that are largely incompatible? Does it identify too few goals? If so, what other goals should it expressly include? Would it be better to create a single statement oriented to the public interest or, as others have argued, should we just fall back on economic efficiency?

I won't go over what other experts have talked about in terms of the debate over the purpose clause, but I think it's very important to consider the context of SMEs in the larger discussion about competition policy.

The second point that's germane to SMEs in particular is that the Competition Act is a law of general application. This is typical of the drafting style we use in Canada. It is also characteristic of legislation that applies to business entities. However, the practice of using general rules tends to obscure important structural differences and economic realities of SMEs versus larger business entities. The sheer range and variation in models of business organization mean that rules intended to apply equally, because they are the same for everyone, in fact produce profoundly different effects.

I would be happy to expand on this in the question and answer period, in particular in relation to the proposed amendments to Bill C-19.

• (1330)

[*Translation*]

There is a third crucial point, and it relates to the previous one. The digital transformation is having significant impacts on business practices, business models and corporate growth and innovation strategies.

However, SMEs are experiencing the digital transformation in a different way than large businesses. Without meaning to overgeneralize, it is important to acknowledge that, as in situations of asymmetrical power between consumers and businesses, there is also an imbalance between SMEs and global-scale businesses, particularly those that control online platforms and develop information technologies that are necessary to access e-commerce and digital markets.

The concentration of power in the hands of a small number of private actors, together with significant deficiencies in the framework governing the various aspects of the economy and society that we characterize as digital—a framework that embraces privacy law,

data protection law, interoperability issues, the use of artificial intelligence in a growing number of fields and the impact of social media—create a situation in which access to economic participation may be restricted or subject to conditions that are onerous and even exclusionary for SMEs.

I would like to comment briefly on Bill C-19. I will do so as quickly as possible, but I'll be happy to address these issues in greater detail if you wish to know more about them.

It is important that you pay particular attention to the amendments being proposed, even though the budget process is quickly moving ahead. These proposals, which could well be adopted without change, will have a major impact on SMEs.

To put it bluntly, there can be no doubt that the proposed amendments to the Competition Act would effect substantive changes. They may be appearing in a budget bill, but they are set forth with the clear aim of starting a reform of business law.

According to the government's statements, division 15 of part 5 of the budget bill is only the first draft of a two-part reform. Division 15 constitutes the preliminary phase. The second phase, for which we do not know the timeline, will be preceded by a public consultation designed to survey every party interested in the role of competition policy in the 21st century, particularly with regard to the digital transformation of the economy and our society.

Of course, I have much more to say on these matters, but I'll stop here with regard to this part. However, I would like to provide a brief enumeration of the amendments proposed in this bill.

Eight changes are here proposed. Four of them are widely expected, since Minister Champagne and Commissioner Boswell have expressly referred to them in public statements in recent months.

The amendments are as follows: the addition of a provision creating an employment-related conspiracy offence; an amendment of the maximum amount of certain fines and administrative monetary penalties; the addition of a clause providing that the use of drip pricing constitutes a false and misleading representation that could result in criminal or civil prosecution; and the creation of a right of private access to the Competition Tribunal to remedy an abuse of dominance.

However, there are four more amendments. Although they are not entirely surprising, we didn't necessarily expect to see them immediately in a budget bill. They are as follows: amendments to sections 78 and 79 respecting abuse of dominance, particularly what constitutes conduct that may result in a proceeding instituted by the Commissioner; the addition of factors to be considered in determining the prevention or appreciable reduction of competition simultaneously affecting the provisions on abuse of dominance, amalgamation and civil collaboration; the addition of a general anti-avoidance provision in the notice of amalgamation process, which may be of less interest to the committee; and amendments to the power to order production of documents under section 11.

According to the government, there is a consensus on most of the proposed amendments, at least among those who have publicly stated an opinion, particularly as part of the consultation that was conducted by Senator Wetston, in which I took part.

• (1335)

[English]

This allusion to consensus suggests that the inclusion of these changes in the budget bill should not be of great concern, as few will disagree with them.

I could not disagree more.

While the Competition Act is in need of reform—and urgently—for reasons related to SMEs as well as the economy in general, the budget bill process is unlikely to be conducive to a thoughtful reform, even on those issues that some may consider low-hanging fruit. It is important to modernize the act, but if we do it poorly, without consideration of the bigger picture as well as the technical nuances, we risk simply changing the law without making competition policy any better.

I have two more points, and then I'm finished.

I just want to highlight that there are two modifications in this law that concern me greatly. The first is the creation of the wage-fixing offence. I'm happy to go into detail about why I think it's highly problematic, especially for SMEs. The second is the matter of the penalties that have been modified and the use of scalable penalties but in a very limited fashion. Here, I think there was an opportunity lost to make the act more aware of the differences between sizes in enterprises.

I will close by reiterating the importance of competition policy reform and that we need to do it well. This requires consultation from a plurality of stakeholders, notably owners of small and medium-sized businesses and all the people who are affected by this sector or who participate in this sector of the economy. We need to identify what values matter to us and what principles matter to us. Then we can decide how to change our competition policy. Half measures are simply not going to do it.

Thank you. I remain at your disposal for questions.

[Translation]

The Chair: Thank you very much, Ms. Quaid.

To begin the discussion, I now give the floor to Mr. Kram, who has six minutes.

[English]

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

Thank you to all the witnesses for joining us today.

Mr. McPherson from the Mississauga Board of Trade, I understand that you have to leave early, so I may as well start with you.

I'm paraphrasing here, but in your statement you said that the government should not add to inflation through taxation. Can you expand on that? What particular taxes do you feel contribute the most to inflation?

Mr. Trevor McPherson: It was a general statement that as the government is considering any new measures that would impact small business, it should be keenly aware of the costs that would be transferred onto small business. Ultimately, those costs are often transferred onto the end consumer. It wasn't with regard to a specific tax, per se. It was just to be mindful that sometimes there can be unintended consequences.

It's not necessarily tax. It could be regulatory-based as well. The time and resources required to meet new regulations can also add to business costs.

Mr. Michael Kram: Okay.

You also spoke about regulatory burden and bureaucracy. You mentioned that your organization wanted a review of job classification categories a few years ago. Could you elaborate on what you'd like to see there?

Mr. Trevor McPherson: Right. This is with regard to the transitioning economy and the new areas of jobs and skills that are required in that economy, and that the codes be reflective of the current reality. It's all part and parcel of modernization efforts so that those occupational codes are in line with the jobs we are seeing. Think about the various new elements of the economy, with artificial intelligence and so on. A number of new occupations are increasingly needed across industries.

It's so that those occupational codes, which will inform such things as immigration and so on, are in line with the current realities of the economy.

• (1340)

Mr. Michael Kram: Okay.

You also mentioned CBSA and how they can sometimes slow down the movement of goods across the border. Could you elaborate on what the CBSA can do better?

Mr. Trevor McPherson: I think it's about looking at the processes that the CBSA employs. Sure, resources are also an issue. We're seeing it in terms of passenger movement, but it also affects goods movement. Quite frankly, there's considerable backlog for many of our members who are either importing or exporting goods, with many of these being inputs into the final products that they are putting to market. It's really a notion that we need to look at. Beyond resources, are there areas of duplication and so on within that process?

We've all seen what's happening for a number of reasons at our airports, just as one example, in terms of time delays and so on. The same thing is happening in terms of goods movement with regard to our ports of entry. It's really a comment that we need to look at everything we can to reduce duplication and to make the system as efficient as possible, especially as we're dealing with other pressures, such as staffing issues, etc.

Mr. Michael Kram: I believe you meant this as a rhetorical question. You asked, "Are there areas of duplication?" My question is, "Are there?" Did you have any specific examples—if we could just get rid of this, get rid of that, or combine these areas? Do you have any specific, tangible examples that would be beneficial to the committee?

Mr. Trevor McPherson: Not at this point. I just think it's important that this be considered when reviewing the needs of CBSA and the work that they do. It's not a specific example that I'm bringing to you today.

Mr. Michael Kram: Thank you very much.

I would like to shift gears to Mr. Poirier from the Canadian Manufacturers and Exporters.

You talked about incentives for automation. Can you expand and elaborate on what incentives you would find helpful for SMEs?

Mr. Matt Poirier: Yes, in general terms, the incentives—and I'll pick one—could be through the tax code. That would probably be the most helpful. There's a whole suite of programs that currently exist. Most of them focus on the big companies, so it's very challenging for an SME to sort of find a home in those programs. We'd need to expand those—the strategic innovation fund, for example—to have better coverage for the SME market.

Also, the big thing for SMEs is that it's great if the government has a program, but it's very hard for them to know about it. It's not their natural instinct to say, "Gee, I wonder what the government has on offer for me." The outreach component has to be a major part of that as well.

The Chair: Thank you very much, Mr. Poirier and Mr. Kram.

[*Translation*]

I now give the floor to Ms. Lapointe for six minutes.

Ms. Viviane Lapointe (Sudbury, Lib.): Thank you, Mr. Chair.

[*English*]

Ms. Quaid, you said in your opening statement that you had further thoughts to share about wage-fixing, so please go ahead and elaborate on these thoughts with the committee members today.

Dr. Jennifer Quaid: It would be my pleasure.

Before I start going through this, because it can sound very lawyerly and picky, I think it's important to preface it by saying that I think we do need to address the protection of workers and we do need to think about the impacts of the ways the new economy plays out for them, particularly some structural effects that are affecting workers. I just believe that creating a wage-fixing provision is not going to contribute to that.

What worries me is that wage-fixing is being offered and being explained and justified as a way to protect workers, and the subtext, I believe, comes from the removal of the hero pay that was coordinated between the large grocery players back in 2020. That's a situation that's pretty unusual in terms of the typical kinds of cases that are looked at as wage-fixing in the United States, which is pretty much the only place that does treat wage-fixing criminally, and it's very recent, actually.

I guess my concern is that the criminal law was not designed to deal with unequal bargaining power or unfairness, and what is being criminalized is agreements among employers—not a term that is defined—with regard to fixing wages and with regard to the "no poaches", which is limiting mobility. The way it does this is that it simply says that those practices in and of themselves are not a problem—so having low wages or restricting mobility is not really the problem—but it's just agreeing about it.

The difficulty, even if you accept that we want to go after employers who agree to do things together, is that the criminal law is not a remedial type of statute, so victims of criminal behaviour have a very small stature in the criminal law process. I have done a lot of research in corporate criminal liability, which is likely the area of law that will be brought into play, because many employers are "organizations" within the meaning of the criminal law. There, in terms of crafting restitution orders or corrective measures, there is very little evidence that there's going to be creativity, even though those powers exist, and if it's just a matter of imposing a big fine, I'm not sure that achieves much for workers.

I will tell you what my primary concern is for small businesses, however: It's that these criminal provisions look like they're there for big companies, but the reality of criminal law enforcement against companies in Canada under the Competition Act—except for large international cartels, which are led by the United States, by and large, and then we come in and tag along at the end—is that they're brought against smaller enterprises. I worry that in fact the practical impact of this provision is that the most likely cases that might be brought are against small and medium-sized enterprises, because it won't be possible or it will be a lot harder to bring cases against larger enterprises.

There are also a host of technical problems with this provision, but I think my central concern is that this should be dealt with by labour law. I don't understand why we think criminalizing a tiny bit of conduct is going to do much to help workers. Rather, it injects substantial uncertainty into section 45. In the unlikely event that prosecutors actually apply it—because I think they will have all kinds of good reasons to stay away from this provision, largely because there are so many undefined terms and so many weird things about it—I worry that it's not going to be applied against the types of employers that maybe the public has in their imagination.

I'm happy to go on, but I think that's probably enough.

• (1345)

Ms. Viviane Lapointe: Thank you. I have limited time and I would like to ask some questions about the digital markets.

Through this study, we've heard from stakeholders that small and medium-sized businesses cannot take on adaptation to digital markets alone. They've said that any further regulations are overwhelming and burdensome and are greatly affecting their revenue. Some may not have the knowledge to join the digital economy, while others don't have the available labour.

How can SMEs be protected through the Competition Act from larger global organizations that have entire teams dedicated to their expansion in digital markets? How can we make it a level playing field for SMEs?

Dr. Jennifer Quaid: The first thing I'd have to say is that competition law hasn't necessarily always had as a vocation to make a level playing field among all sizes of enterprise. I do think that's a legitimate question to ask. I'm not sure that's going to be solved in small amendments to the act; that's going to be part of a larger consultation.

On the question of what we can do now, I would flip the question around and say that perhaps a lot of regulation about participation in the digital economy is not appropriate for smaller enterprises, or needs to be rethought or adapted or simplified. That may very well be the case.

I think the greater problem facing small and medium-sized enterprises is that the large players, those who control what we call the digital ecosystem, control the actual marketplace. They are subject to less regulation and governance than they should be. Part of the problem might be reining in...the fact that most of the evolution of digital markets has happened in a way that is oriented towards private economic interest, and that's because governments haven't been present, putting out the guideposts and saying there are limits to what you can do out here.

It's not true that regulation or governance is anti-innovation or anti-competitive. The evidence is very, very clear that you cannot draw a straight line there between regulating.... However, we need to think about whom we are regulating and for what purpose.

• (1350)

Ms. Viviane Lapointe: Do I have time?

[*Translation*]

The Chair: I'm sorry, Ms. Lapointe. That's all the time you had.

Mr. Lemire, you now have the floor for six minutes.

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

First allow me to take the floor to celebrate an important anniversary among the members of this committee. Today marks the 20th year that my colleague Brian Masse has been a member of the House of Commons. I was interested to learn that news.

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

Mr. Sébastien Lemire: That means he has been sitting on the Standing Committee on Industry and Technology for about 20 years, which obviously makes him a formidable and very useful veteran. As I previously noted in the House of Commons, he has been a mentor to this young MP, and I want to thank him for his work and for his discipline.

[*English*]

Mr. Brian Masse: That's very kind. Thank you.

[*Translation*]

Mr. Sébastien Lemire: I would also like to take this opportunity to respond to Ms. Quaid's comments. As you know, the Standing Committee on Finance has proposed that our committee consider divisions 15, 16 and 17 of part 5 of Bill C-19. As we say in the House, upon verification with all the parties, I think you will find unanimous consent once again so that we may indeed reflect on the matter put before us.

Consequently, Ms. Quaid, you may be receiving an invitation, worded in the manner we choose, to appear and expand on those points. I believe our committee has a responsibility to consider them, at the invitation of the Standing Committee on Finance.

Mr. Chair, do you wish to handle this or would you prefer that I ask my questions?

The Chair: You may ask your questions, Mr. Lemire. I think the consensus appears to be that we should look into the matter next Friday. I will confirm that by the end of today's meeting. You may be sure of that.

Mr. Sébastien Lemire: Thank you very much for that, Mr. Chair.

Then I will direct my question to the representative of Canadian Manufacturers and Exporters.

An association of manufacturing businesses has lamented the fact that SMEs in the manufacturing sector are suffering such a labour shortage that they're transferring contracts and subcontractors outside Quebec, for example, resulting in a net loss for Quebec's economy, particularly in the context of the Buy American Act.

In addition to this development, there is a new trend toward opening offices in the United States to comply with the requirements of that act. A business like Marmen, for example, has opened a subsidiary in Albany, New York, to build wind turbines. When Lion Electric appeared before the committee, a representative of that business said it intended to do the same thing to support access to the American market. AddÉnergie also told us something similar.

Do you at Canadian Manufacturers and Exporters see any signs that the government is addressing this situation?

We know that, in Quebec, this may represent about \$18 billion that our economy is losing, which may have a growing impact on our exporting manufacturing businesses.

Mr. Matt Poirier: I'm going to speak English so I can answer your question more effectively.

[English]

The government is doing all it can on the buy America front. The challenge is that as the smaller country and the smaller economy, it's very hard to negotiate with a larger partner that holds all the cards.

We are big supporters of reciprocity in government procurement, and we've armed ourselves with that tool recently—two budgets ago. That is something we take very seriously, because if the U.S. is not going to grant us access to their procurement markets, we have to be ready to deny them the same access.

It's a frustrating situation to be in for manufacturers. We would love to have just a free market. In fact, we're an integrated market. We don't really trade with the U.S. anymore; we build stuff together. Unfortunately, if you don't retaliate, you run into the situation, as you mentioned in your statement, where there's an incentive for a Canadian company to locate in the U.S. just so it can have access to both markets, and not vice versa. That's why it's important to have that reciprocity.

[Translation]

Mr. Sébastien Lemire: Thank you.

In a recent press release, Véronique Proulx, the CEO of Manufacturiers et Exportateurs du Québec, issued the following call:

How much money is the government ready to lose in the next few years? How many companies will have to refuse contracts, relocate part of their activities abroad, reduce their growth or close before the labour shortage in the manufacturing sector is solved with measures that have an impact?

Are you also calling on the government to take immediate action, Mr. Poirier?

• (1355)

[English]

Mr. Matt Poirier: Yes, the crisis of labour shortages in manufacturing is very acute, particularly in Quebec. We have 80,000 vacancies in our industry right now and we're one of the highest-paying industries out there. This is a problem we need to fix. We think we can do it through immigration, but we have to be a lot more aggressive. Kudos to the government for increasing numbers, but it's nowhere near what we need.

[Translation]

Mr. Sébastien Lemire:

As we all know, businesses need more predictability in their operations. This labour shortage is like a typical picture of my region, which is beautiful with all its lakes and rivers. You'd think it's impossible to catch a fish in a lake that hasn't been overfished or stocked. Right now, you'd even say the lake is empty.

Referring to her once again, Ms. Proulx, who is very critical of the government on the labour shortage issue, contends that manufacturers feel left alone with their labour recruitment problem. She notes that manufacturers also hire many temporary foreign workers and that agriculture isn't the only sector doing it.

As regards the temporary foreign worker situation, what measures should the government establish immediately to remedy the labour shortage?

Would you also please tell us about the regulatory challenges you're facing, particularly with regard to labour market impact assessments, LMIA's?

[English]

Mr. Matt Poirier: The temporary foreign worker program is being relied on a lot more out of necessity by manufacturers, because there's simply no other recourse to get the workers they need. On that front, sure, there's always streamlining that needs to be done to the program. They're currently trying to introduce a trusted employer stream. We need that yesterday.

Our call is for that trusted employer stream to come online sooner rather than later and for it to be a true trusted employer stream. If an employer has a demonstrated track record of not abusing the system and not displacing Canadian workers and they absolutely need this, they should be able to access those workers really quickly to help meet their labour needs.

[Translation]

Mr. Sébastien Lemire: Thank you, Mr. Poirier.

My time is up.

The Chair: Thank you very much.

Mr. Lemire, thank you very much for having the discipline to monitor your own time.

I now give the floor to Mr. Masse.

Mr. Masse, you have six minutes.

[English]

Mr. Brian Masse: Thank you, Mr. Chair.

Thank you, Mr. Lemire, for such kind comments. This is a great committee to spend a lot of time on. It's very good. It's also in really good hands right now. For all of the time I've been here, the last number of years we've had in this committee, this has been a lot of fun. I just wanted to say that, because there are times when Parliament doesn't seem to be working, but it's really working well here. My thanks to Mr. Lemire and the rest of the committee here.

I'm going to move to Mr. Leal and Mr. Champagne, because we're talking about a lot of issues here, about shortages in labour and otherwise. Twelve years ago, I introduced a private member's bill on the right to repair. It eventually became a voluntary agreement. It did actually pass through Parliament to the final stages and then it was withdrawn. At that time Mr. Clement was working together with the industry and the association, and we created a voluntary agreement, but it's 12 years old. It also had the weakness in it that EVs and digital data were just emerging at that time. We kind of knew that the agreement would have to have some type of modernization and that there would be challenges with the digital work.

What gets lost a little bit in the discussion is that people view it as just personal vehicle fixing, which is obviously paramount to consumer choice and all of the labour you mentioned. However, it also involves other vehicles, like ambulances, police cars, fire trucks and other equipment that's necessary for our economy to function. If we lose some of the service providers we have, we're going to have massive gaps that will cause further labour instability and labour market inactivity, because there won't be those professionals around to work on those vehicles.

Perhaps you can touch on that, because I don't think it gets a lot of attention.

Mr. Steve Leal (Board of Directors, Automotive Industries Association of Canada): Hey, everyone. For me, I'm hoping that at some point in time you guys use one of our services or franchisees from Fix Auto, ProColor or Speedy Auto Service.

On the automotive perspective, for us, when I hear everyone talking about the competition and small business, we're a franchise system. We represent small and medium-sized businesses. I'm one of the big believers. For me, I started with one garage. Obviously, I've grown it now to the point where we have over 2,000 locations, but mainly franchises.

For us, on the right to repair, as you call it, from 12 years ago, we didn't have connected cars like we have today. If you can imagine, these cars are connected. It touches on more than just the right to repair the vehicle. Also, if everyone can imagine, the ecosystem touches so much more. On the collision side, if you get in a car accident, the data from when you were in the car accident, all the way back to the insurance company, the whole ecosystem's being digitized. The right to repair information of this vehicle becomes critical, not for just repairing the vehicle. It actually comes from the insurance companies on how they regulate for insurance premiums. Also, at that point, the OEs are the gatekeepers of all this data. If I can't fix the car, I don't own the data and the customer doesn't know what data we're capturing on him. You're turning over a lot of what I call knowledge and power of that data.

Data today is like the new oil in our industry. The data they want to capture is worth a lot of money. If we as a government leave it so

open-ended, not just on the ability to fix a car... You can imagine that everyone's familiar with some of these progressive OEs. The CASIS old agreement only involves the traditional manufacturers, but you have companies like Rivian or Tesla. They're connected cars. They're electric vehicles. If I have a Tesla up in Thunder Bay and I get into a car accident, for example, am I going to tow it all the way to Toronto to get it fixed? At the end, premiums go up and then that affects every single consumer paying for that non-ability to get the data. These cars are connected. You can't fix it. They can actually update software and do things without our even knowing.

I think the whole ecosystem on the connected vehicle, the mobility of a car, is something that created a new ecosystem that I think the Competition Act and certain things don't look at to make sure it's fair for everyone and that we have fair competition for everyone to access the ability to train to repair these vehicles. If we can't get access to the information, it's going to be hard for us to fix.

• (1400)

Mr. Brian Masse: Yes. If I can just interject, it's critically important. I was also trying to reinforce that there are vehicles you're repairing other than personal vehicles in these shops. When those vehicles go down, other parts of the economy also go down. I actually have a digital bill of rights. I have reintroduced legislation on this to fix it and modernize it.

Can you highlight a few of the other types of vehicles you serve? Everybody understands there's the personal vehicle. When I travelled the country on this, I didn't realize how many other parts of the economy were tied to what's happening in your shops. Nobody else can fix those vehicles. If we lose those shops, other parts of the economy go down.

Mr. Steve Leal: One I'm familiar with is that we deal with Demers Ambulances, the ambulances that are across Canada. In these local communities they rely on our local garages to fix these ambulances. We need to have access to make sure we can keep those cars on the road. We have the available information. An ambulance touches every local community that we do business in.

Mr. Brian Masse: Yes. That's important.

As well, are you still having some difficulties getting...? You raised a good point. With Tesla, it's an opt-in process, which is part of the failings of the current agreement. I have been talking with original manufacturers. They understand there are some challenges, so some activity is taking place.

Right now, without legislation, it's ironic. Point Pelee is in my area, and there are Tesla charging stations with the federal government that are allowed on site. Mind you, you can't charge other electric vehicles, because you need an adaptor. That's another ridiculous story. At any rate, meanwhile they're not even opting in to the current program that we have for right to repair. One arm of the government's doing a deal with Tesla in our parks system for the environment. Meanwhile, they're not even opting in to be a fair player with everyone else.

Mr. Steve Leal: Yes. Listen, there are going to be new entries of new OEs coming in. People have their own self-interests. These are big American firms, well capitalized. Our shops are small to medium-sized businesses. They rely on government to make sure it's fair and competitive for them to be able to fix these cars. We have no way to fight against big OEs on protecting the information. For us, as small independent operators underneath the franchise system, we look for the government to help and support us.

Mr. Brian Masse: I know I'm running out of time, but just quickly—

The Chair: Mr. Masse—

Mr. Brian Masse: I'm sorry. Do I have one...?

The Chair: Considering it's your birthday, Mr. Masse, go ahead.

Voices: Oh, oh!

Mr. Brian Masse: Thank you. I'll be really quick.

You're not asking for anything for free. You want to pay for the software. You want to pay for the training. You want to pay for all the equipment and follow all the rules. Is that correct?

Mr. Steve Leal: Yes. I think what we said is that, if we want to take the training and buy the equipment to fix the car, we want to have the right to fix the vehicle. No one's asking for anything for free. We don't want government handouts. Our guys will pay for the training and access the information, but we don't want to pay 12 different OEs for 12 different fees. It would be nicer to have centralized control for the information.

Mr. Brian Masse: Thank you.

Thank you, Mr. Chair, for your generosity.

• (1405)

[*Translation*]

The Chair: Not at all.

Ms. Gray, you now have the floor for five minutes.

[*English*]

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

Thank you to all the witnesses for being here today. My first couple of questions are for Mr. McPherson.

I wanted to ask you whether you are familiar with the Canada digital adoption program.

Mr. Trevor McPherson: I'm familiar with it, but I'm not an expert in it.

Mrs. Tracy Gray: Fair enough.

Is that something that your organization has marketed or promoted, and have you had any feedback from your members on it?

Mr. Trevor McPherson: Yes. I think it's fabulous. I think it's necessary. We are partnered through the Ontario Chamber of Commerce on the digital adoption program.

I would encourage more of this. I think it's also important from the standpoint of cybersecurity. Increasingly, this is going to be an area that SMEs need to invest in. Again, it's another cost for small and medium-sized businesses, but if we think about some of the advice that several experts provided with regard to being prepared for a pandemic, we're in a moment now where we need to heed the advice in terms of being prepared for cybersecurity attacks and those impacts on small businesses.

Mrs. Tracy Gray: To clarify, are you referring to the digital main street program, which is provincial?

Mr. Trevor McPherson: No.

Mrs. Tracy Gray: Okay, so you're kind of including that as part of that. Fair enough.

You referenced tax increases and how those could kind of play through and potentially have unintended consequences. I know that within your membership you have a real mix, from winery representatives to food service and motels, and entertainment to arts.

With something like the excise tax increase, first you have the manufacturer, but then it goes down to these restaurants, motels and ultimately to the consumer. Is that what you mean, that with those tax increases, at some point along the chain someone has to decide to increase the prices?

Mr. Trevor McPherson: The excise tax is a great example that you're providing. Certainly our member, Arterra Wines, has been a very vocal proponent of not moving to increase that tax.

Yes, that is what I'm referring to. Any new taxes and regulations that are introduced that put additional costs on small businesses, which are already dealing with substantial amounts of accumulated debt, directly affect their ability to compete and survive.

Mrs. Tracy Gray: Fair enough.

I guess you could also use a similar comparison, would you agree, with the carbon tax? That's really adding to all of the costs for businesses, because a lot of what they're using is shipped. Therefore, with all of the transportation costs, again, it just adds to the cost of everything at a time when a lot of small and medium-sized businesses are really pressed within their budgets.

Mr. Trevor McPherson: That's true, but I would also say that our members are very much wanting to contribute to solutions for climate change. I think it's a matter of ensuring that we don't put our businesses at a competitive disadvantage, whether it be through a carbon tax or cap and trade and so on.

I think we need to be mindful of the competitive context when it comes to competition both within the country but specifically with our competitor jurisdictions outside of Canada.

Mrs. Tracy Gray: Fair enough. I was referring to just those increases here that might be proportionately different....

Mr. Trevor McPherson: Yes.

Mrs. Tracy Gray: Great. Thank you so much.

I'd now like to go to Mr. Skelton.

Thank you for being here today as well.

I wanted to touch on the red-tape issues that your group highlighted. Would you say in the present time that the regulatory environment in Canada is predictable and stable?

Mr. Aaron Skelton: Thank you for the question.

I think there is a predictability to what we have now. What concerns our members the most, I think, is the phasing and the rollout of what's been discussed in future changes to the self-care framework. It's the ability to predict the timing and the scope of those changes and to plan their businesses accordingly.

As I touched on, coming out of the last 24 months, I think there's a lot of concern for our small and medium-sized businesses on how to navigate what uncertainty is ahead, and not having a clear road map and some predictability for when these changes will happen and how they'll be coordinated is definitely a concern to our membership.

Mrs. Tracy Gray: Good. I'll squeeze in one more quick one here.

I know you've touched on Health Canada, but have you come across any difficulties in other departments as well?

• (1410)

Mr. Aaron Skelton: I would say the majority of what I'm prepared to speak to today is around Health Canada. I think our members, as some of the other presenters today have said, are firmly committed to working with different organizations to find the best outcome for both sides. Specifically today, it's about Health Canada. That would be our commentary.

[*Translation*]

The Chair: Thank you very much, Ms. Gray and Mr. Skelton.

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

[*English*]

Goodbye, Mr. McPherson. Thanks for joining us today. Have a great weekend.

Mr. Trevor McPherson: You too. Thank you so much.

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

My question is actually for Mr. McPherson, if he can stay for one more minute.

Mr. Trevor McPherson: Sure.

Mr. Han Dong: You mentioned that your members were using the federal assistance programs during COVID, including things like CEBA. Most recently I think there has been HASCAP from BDC, the highly affected sectors credit availability program, for industries like the tourism industry.

Just for the record, are your members familiar with these programs? Have they been using these programs to support their businesses?

Mr. Trevor McPherson: Absolutely, they have been using those programs. That's not to say they haven't still accumulated debt with regard to the Canada business account loans and other things like that.

Mr. Han Dong: That was going to be my next question.

Let's take CEBA, for example. We know that it's interest free. You pay a portion back starting, I think, at the end of 2023. What kind of feedback have you been getting from your membership, let's say on CEBA, on the portion they have to pay back?

Mr. Trevor McPherson: Certainly I think the extension of the payback period was welcome, but I think the government should look at—and perhaps you could look at—those highly affected sectors, particularly in terms of how to alleviate some of that sitting debt for these companies that were hardest hit. For the last quarter of 2021, Statistics Canada noted an increase in insolvencies. Quite frankly, our small and medium-sized businesses are pressed right to the limit, particularly in the sectors that are very much customer-facing like hospitality and tourism. We all know what's been happening there.

I think anything the government can do, such as waiving of interest or granting some forgiveness, should be looked at, because small and medium-sized businesses, as we all know, are where the growth comes from. We heard many speakers today talk about the percentage of their members who are small and medium-sized businesses. That should come as no surprise because growth in our country is driven largely by small and medium-sized enterprises.

That said, I think there's something to be said about the larger anchor enterprises that bring business to those small firms. I don't think you can look at the SME community in isolation. I think you also need to look at those policies that incite investment in Canada as well and that ultimately lead to opportunities for small businesses.

Mr. Han Dong: I really appreciate your participation in today's session. The committee is a public platform through which you can broadcast some of these thoughts.

You said you wanted government to play more of a role in helping SMEs come out of the pandemic. What roles do you think the large financial institutions should play, including the commercial ones and the public ones like BDC? What role do they have in helping SMEs?

Mr. Trevor McPherson: I think they play a significant role. In particular, a lot of their role goes beyond the straight-up financing of companies. They play a significant educational role, and I think the government should look at other ways to partner with these institutions to provide them with additional knowledge and tools to help them manage their current financial situation.

I would say that we certainly partner with institutions like BDC—BDC is a member of my board—to bring knowledge and expertise in this area to our SME community. I think they're certainly a vital partner.

• (1415)

Mr. Han Dong: Thank you so much.

I want to ask Mr. Poirier the same question.

What role do you think the large financial institutions, commercial and public, should play in the economic recovery and the support of the SMEs?

Mr. Matt Poirier: I think they're playing it right now.

What I mentioned in my remarks was the unique problem SME manufacturers are having when it comes to accessing components key to their processes. When they talk to us about these problems, it's that they can't get the components, they can't produce, they can't operate and they're terrified of having to shut down and lay off their workers.

Their solution is not to get a loan from the bank. It's more like, how do we bring back the wage subsidy program that helps them keep their people on the payroll and keep them paid even if there's no work? That's how they view this problem. They don't have trouble getting money from the bank. That's not the issue. It's that they have to lay off their workers temporarily until they get the parts so that they can start production again.

[Translation]

The Chair: Thank you.

Mr. Dong, I'm sorry, but your time is up. I know time passes quickly when you're having fun.

Mr. Lemire, you have the floor for two and a half minutes.

[English]

Mr. Han Dong: Given—

[Translation]

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

I'll do to Mr. Poirier.

Mr. Poirier, as you know, our manufacturing universe in Quebec consists of 3,000 SMEs with 10 to 500 employees each. The proportion of businesses that recruit outside Canada has jumped 11 percentage points since 2019 and now stands at 44%. The number of job openings has increased 36% in only a year, with an average of 12 vacancies per business. So there are 36,000 job openings, a number never previously reached.

I asked the question in the House, and the government answered, through the parliamentary secretary, that it was proud to have accepted approximately 100,000 work permit applications in the last quarter. That's far more than last year, a COVID-19 year. At the same time, we can see that the number of applications has completely skyrocketed.

I think that labour market impact assessments, LMIA's, have become an obsolete measure. They impede the process of accepting foreign workers for businesses. They also provide information that we already gather in Quebec through labour market partners.

Do you agree that it's time to suspend or abolish the LMIA requirement for foreign worker applications?

[English]

Mr. Matt Poirier: We understand very well that the program, for political reasons and rightly so, does not want to displace Canadian workers who can fill these jobs, but then we look at it as an association and as an industry that sees 80,000 vacancies—30,000 plus in Quebec—and we say, “Why are we doing labour market impact assessments to get foreign workers?”

It's something that, if not abolished, can be streamlined to the point where.... Look, if our sector is in desperate need of workers, I think we've proven the point that we can't hire from within and we need these foreign workers. Whatever means we can use to help speed up and expedite that, we support it.

[Translation]

Mr. Sébastien Lemire: I think we have proof of that for the manufacturing and export sectors.

I'm also interested in production costs, which are rising as a result of the sanctions on Russia.

Should the government compensate farmers for production cost increases? We're hearing that costs have risen 35% as a result of fertilizer surcharges. That's having a major impact, and it's being passed on through our members.

Is there any action that could be taken in this area?

[English]

Mr. Matt Poirier: Obviously, manufacturers are feeling the pinch from the sanctions. It's not that they don't support them. They do. We understand the global crisis we're in and the immoral actions of one country, Russia, in all of this. For the most part, manufacturers support the sanctions, but it doesn't mean that it doesn't come without financial hurt and a cost to them.

For the most part, they're sort of dealing with it right now, but as time goes on, that pain will be felt and it will reverberate through into jobs and into production. Maybe we will have to start looking seriously at financial assistance the longer we're in it. Are we there yet? Because it's still just a few months old, everyone is still sort reacting to it.

In terms of supporting them, they are, but again, it comes at a cost.

[Translation]

Mr. Sébastien Lemire: Thank you, Mr. Poirier.

• (1420)

The Chair: Thank you very much.

Mr. Masse, you have the floor for two and a half minutes.

[English]

Mr. Brian Masse: Thank you, Mr. Chair.

For my friends at the Canadian Manufacturers & Exporters, I always remember Congressman Oberstar, now passed away, a Democrat from Michigan and actually the ranking member for transportation for many years. He always advocated to me for us to actually push “buy Canadian” so that we could negotiate back with the United States and have a seat at the table.

What I'm worried about as we go down this road is how inefficient.... A minivan made in Windsor crosses the border seven times. It doesn't get built and then sent one way or another. It gets built by going back and forth: the engine, the parts and all that stuff. I'm worried about our inefficiency in terms of competing with the east and the west, in going into Asia and other markets, if we have inefficiencies in our structure chain. Could I have your thoughts on that, please?

Mr. Matt Poirier: Absolutely.

You know the system very well. In terms of the manufacturing of automobiles, it makes no sense to us. As I mentioned earlier, we don't really trade with the U.S. anymore. We produce stuff together, and it does cross the border a number of times. In our messaging, we certainly echo that. We say, "Look, we shouldn't be fighting with each other." The real competitors are China and other countries that are not necessarily our friends on the trade and manufacturing front.

Within the new NAFTA there is the competition chapter that was included at the insistence of our industry and our partners in the U.S. We envisioned that, at the time, to be the mechanism through which we could sort out these differences and the way in which we could leverage the trade agreement to coordinate and compete against the east and west, rather than fighting with each other.

I don't know. I'm holding my breath to see that chapter used properly, but there is also the challenge of buy America. It seems as though we're not convincing the right people.

Mr. Brian Masse: Yes.

Ms. Quaid, your testimony was excellent. It frustrates me, though. How do we deal with things like bread price fixing, and then the wages? There can be almost collusion through lack of competition. How do we deal with that?

I understand that at the end of the day we want to help the workers, so if we do nothing, is that not also an incentive, if we don't have a stick on the companies that are behaving badly? Not everyone is doing that, but some of the stuff is just outrageous.

Dr. Jennifer Quaid: I agree with you that we cannot ignore egregious behaviour. It's just that one has to remember that criminal enforcement, especially in the competition space, is rare. It mostly proceeds through the immunity and leniency program, and these cases end up in deals. Competition offences are not eligible for remediation agreements, the first of which was negotiated just yesterday in Montreal, but there is a workaround that has been developed under subsection 34(2).

If people are imagining that they are going to see executives in handcuffs going to jail, that's not going to happen in Canada. It has never happened. However, I worry that if we hang our hat on that and we don't do the hard work of talking to the provinces and figuring out how we create a framework in which we support workers in this new economy, this is just going to sit there on the books. I worry about criminal provisions that are just added, because everyone seems to dump big, complex problems into the criminal law, and then they get upset when it doesn't work.

That's my frustration. However, I absolutely agree that some egregious behaviour could be dealt with. I worry about how this provision has been structured. I think you need to ask some hard questions about whether the prosecution service has some opinions on this, because I suspect they do.

Mr. Brian Masse: Thank you.

[Translation]

The Chair: Thank you very much, Ms. Quaid.

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

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair.

Thanks to the witnesses for their interesting testimony.

Ms. Quaid, I'm going to continue with you and ask you my question more broadly.

Competition Bureau Canada has reached a decision on the merger between Shaw and Rogers. I listen to the automotive industry people on the matter of data properties. All the web giants in the world are accumulating data on us, and so on.

My question is very broad, but I'm going to give you all my speaking time to answer it.

Is Canada lagging behind other countries? If so, in what circumstances should we expedite changes to the legislation in order to catch up on this whole digital transformation issue?

Data will obviously become the new gold. In fact, we said it earlier: it's the new gold today, as it were.

What's your overall view on the issue?

You discussed Bill C-19 and division 15 of part 5 of the budget bill. What should Canada's priorities be right now?

● (1425)

Dr. Jennifer Quaid: Thank you sincerely for that question. I believe you've asked the right question.

We need to ask it more broadly. What do we want to do? What's our place in this new economy, this new society, which is now characterized by all kinds of things that everybody's talking about? The word "digital" is everywhere, but it's more than that. I won't go into the details, but I'm sure you understand that it's a much more complex phenomenon.

I believe that Canada is lagging behind in several ways. It's lagging mainly because the conversation that's required on this matter has not yet begun.

That's why I mentioned that we needed a transversal approach to address digital issues. The economy is digital. Society is now connected. We can't distinguish between the two or look at them in isolation. I believe that's the first phase.

People like me who work in the competition field, and also elsewhere, are impatiently waiting for the beginning of consultations on the modernization of the Competition Act. Canada needs to know what its values are, what its principles are and what it is going to build this architecture upon. Only then can we act.

The Europeans have done some thinking about it. They are very strong on human rights, and human dignity. They are very keen on individual consent and autonomy. All their legislation and all the rules... There is legislation on digital markets, digital services, artificial intelligence, the data act, in addition of course, to the European Union's General Data Protection Regulation. This provides an umbrella under which all these types of legislation can be organized.

It's important to point out that the Americans have adopted a different approach. Canada has several points in common with them, including the fact that they decided to proceed by means of adapting the mandates of the agencies concerned. These are mainly agencies traditionally linked to the Federal Trade Commission and the Antitrust Division of the Department of Justice. Their mandate is to coordinate and hammer out policies, even though other agencies are of course involved.

Canada is late in terms of the big picture, but also in building its governance architecture.

Our Privacy Act is 20 years behind the times. We have no legislation on artificial intelligence. We have just created a data commissioner, but we don't know what that commissioner is going to do or how the position will really relate to other players like the Competition Commissioner or the Privacy Commissioner.

We need to decide what we want to do. That's where we're running late. We really need to address these questions in depth.

To conclude, I would say that it's going to be difficult and that there will have to be compromises. Not everyone will be prepared to sing from the same song sheet. There will be difficult decisions, but we need to make them. We have to set priorities and then create an appropriate governance architecture.

Mr. Bernard Généreux: Otherwise, what are the threats?

Dr. Jennifer Quaid: There are all kinds of threats. For example, we'll be at the mercy of others.

I'll give you an example. In terms of competition, for many issues that involve the digital giants, there has to be international cooperation. There's no question about that. If we sit to the table with the Americans, Australians, Europeans and British, who are all ahead of us, and we tell them that we want to be part of the discussion, they're going to ask us what our rules and priorities are. We'll be there, but will have nothing to put on the table.

For international collaboration, everyone needs to make compromises. Generally speaking, if we have established what is absolutely necessary and specific to Canada, meaning the non-negotiable aspects of our rules, we would be in a better position to show them our rules and tell them that were prepared to make compromises on this or that. We could, for example, say that the protection of Canadian culture and language are non-negotiable. But we need to have thought about it ahead of time. Otherwise, we're going to get what

the others tell us we're going to get and will basically be subject to the political compromises and rules of other countries. And while that may be well and good for them, it won't be so good for us.

● (1430)

Mr. Bernard Généreux: So you're not suggesting that Canada should copy what is happening elsewhere. Not by a long shot.

Dr. Jennifer Quaid: No, not at all.

To be sure, we could learn from what they are doing, absolutely. We need to look at what they're doing, but also have to know and recognize... The hard part is to avoid just copying and pasting. There are certain realities that are specific to us. We need to adopt ideas from others, and then adapt them.

Mr. Bernard Généreux: Thank you very much.

The Chair: Thank you very much, Ms. Quaid and Mr. Généreux.

Mr. Erskine-Smith, you have the floor for five minutes.

[*English*]

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks, Joël.

I'll stay with Professor Quaid.

You just articulated the need to be on the same page internationally, yet you expressed some skepticism about the wage-fixing rule. However, the wage-fixing rule would bring us in harmony in a more serious way with our American allies, for example. When we experienced the reduction of wages of employees at grocery stores in the middle of a pandemic, if that had happened in the United States, their competition commissioner would have had a lot more to say than our competition commissioner was able to say. That's because of the nature of their law versus the nature of our lacking civil remedy, I would say.

How do you square the need for harmonization and then say you struggle with this kind of harmonization?

Dr. Jennifer Quaid: Thanks for the question.

It's really important to put a few things down on the table here. The American approach to criminalizing buy-side cartels, in particular wage-fixing, is pretty much unique to them. We don't have other jurisdictions that have criminalized that. In fact, there are very few jurisdictions in the world that use the criminal law in competition. They use civil remedies and other ways of going about it. What the OECD says is that we need to take cartels seriously, but we're not dictating the way you go about it. That's the first point.

We do have already a civil collaboration provision in the Competition Act. Now, I will readily recognize that section 90.1 of the Competition Act is a provision that requires proof of a substantial lessening or prevention of competition and allows for taking into account efficiencies. It is subject to the efficiencies defence just like merger review is.

That is, in some ways, a weakness. I think that's part of the motivation for creating subsection (1) of section 45, which is to create a per se offence, because then you don't have to prove anti-competitive effects.

Mr. Nathaniel Erskine-Smith: Exactly.

I take your point, and maybe we are in agreement in some ways. I don't need it to be a criminal offence, but with the lack of a per se offence, the need to substantiate in some significant way.... When the indicia that we see here of there being no other reason for them to communicate on this issue at all other than to lessen wages in this particular instance, on a per se basis, there should be an investigation. It would have happened in the United States, but we didn't see that because the law was insufficient for purpose.

Your issue is more with the mechanism of the criminal law rather than to say we need a stronger remedy on this particular subject.

Dr. Jennifer Quaid: I would agree with you in the following way.

I just want to put on the table that with the Americans, it is far from clear that wage-fixing is going to be a slam dunk. So far, we have preliminary decisions. They are not in sectors that are analogous to what happened here with the hero pay, something that I think could have been coordinated without communication. That's something we have to realize. When you have strong market players—a few dominant players in a market—it's not that hard, necessarily, to pick up signals without communicating directly, so I think we have to put that out.

With the Americans, it's far from clear. They are going on the basis that the Sherman Act has always prohibited buy-side cartels. There is a fairly strong opposition to that on the part of those who are being accused.

We're not at the stage where I can say we have a ton of evidence. They're talking strong talk, and I'm not disagreeing with them on the principle that if there are deliberate attempts to fix wages that it isn't a bad thing. However, I really wonder whether we're going to see that. It's new. The memo that came out in the United States is from 2016.

This is not actually the area in which I think we're out of step with the rest of the world. I think we're out of step on a lot of other things. With wage-fixing, I think we need to take a serious look. I agree with you that there can be serious conduct and it can be problem. Perhaps exploring a civil remedy might be a good idea. I wonder whether that's actually the problem that's being put on the table.

I worry that we're making a promise about solving a problem that in fact is not a problem that can be solved by the criminal law. That's my first worry.

The second thing is that we have no—

Mr. Nathaniel Erskine-Smith: I take your point.

Dr. Jennifer Quaid:—basis in Canadian competition law to use a per se basis in civil matters, and I think you will find howling opposition to that.

Mr. Nathaniel Erskine-Smith: I understand.

What I would put back, though, is that there's no way they would have communicated at all had the proposed offence been on the books. I take your point that you can still have signals in the marketplace, that they might have gotten to the same place—may or may not have—but I think we wouldn't have seen the egregious conduct of CEOs directly collaborating on a subject that they had no business discussing.

With the remaining time, the efficiencies defence is an area where we are out of step. Would you say, in the next level of review that we're going to see on the Competition Act, that we should seriously reform that particular provision?

• (1435)

Dr. Jennifer Quaid: Now you're asking for my position. Clearly, I have never been a fan of the efficiencies defence. I guess I've held that opinion for a long time. I was a junior lawyer on the propane case way back in the day. I have fairly strong views on that.

Not everyone agrees with me. I think you will find that it is an extremely divisive issue between the different sides in the competition. I believe, however, that it's not my view that should prevail—although I will forcefully make the arguments that I can. It really has to be a decision that's made on the basis of what values we want to promote.

Right now the way competition law is structured and the way it has been interpreted, which I think is the most important thing because none of this is really written in the act that way, has the effect of really putting a lot of emphasis on efficiency gains and, particularly, puts the burden on the commissioner in terms of providing quantification of anti-competitive effects. The way that the efficiencies defence has been applied, it has become a trump card. I think that really needs to be revisited.

I think everyone agrees that the efficiencies defence has gone to a place it shouldn't be, but there is profound disagreement on whether we abandon it completely, even though we are—you are correct—the only jurisdiction in the world with a developed economy that has this provision.

The Chair: Thank you very much, Professor Quaid and Mr. Erskine-Smith.

[*Translation*]

Mr. Deltell, you have the floor for five minutes.

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you very much, Mr. Chair.

I'm in agreement with all my colleagues about the high standard set by our guests today. We always have good witnesses, but today has been rather impressive.

Ms. Quaid, I'd like to continue the conversation we started at the very outset, particularly by dealing with the questions from my friend Mr. Généreux.

To summarize your remarks, you began by saying that we were lagging behind, but that it was never too late to get it right. Then you said that there were two models in the world at this time: the American model and the European model. Your third point was that we had to learn from the two models but not necessarily stick to one or the other.

As the United States is our largest economic partner, should we not follow the lead of the Americans more than the Europeans?

What do you feel are the best elements we could emulate from each of these approaches?

Dr. Jennifer Quaid: Thank you for these excellent questions. That's a very good summary of my comments, you've put it better than I could have done myself.

I would say yes, we need to look at what the Americans are doing, but not only because they are our largest partner. It's also because we have a lot in common, including our political structures, even though they're not identical. In terms of competition, we have always tried to align what we do with what they are doing, particularly with respect to things like mergers, even though we remain separate for reasons of efficiency.

I would nevertheless say that the Americans recognize that there are things that need to be added to their legislation. There are in fact six bills before the U.S. Congress on this subject. President Biden has decided to use his political advantage to make progress in this area. I'm not certain that they will be adopted, but it shows that the Americans are aware of this need.

I would nevertheless add that the Americans have not yet succeeded in adopting legislation to provide a framework for some aspects of digital, not because they don't want to, but because it's impossible for them to do so. So I think we could learn a lesson from the Europeans here. It's worth thinking ahead and having a better organized structure, broad principles and rules, to provide a framework for the right to privacy and all other matters of this kind, like interoperability and intellectual property.

It's therefore important for us to draw upon what the United States is doing and to try and adapt to it, without necessarily reproducing every one of their weaknesses. What we need most of all are framework laws. Our Competition Act is already much more detailed than theirs. I don't know if you have read the Sherman Act, but it's extremely short and vague. An act like that would never pass here, owing to constitutional constraints. We need to know that we will have to have more legislative structures, but I tend to believe that we're going to have to do more than that.

The glitch, I believe, is that our competition agency, the Competition Bureau Canada, has neither the weight nor the funding required to achieve the broad objectives we are aiming at. If we are serious, we truly need to review the bureau's funding and assign it certain powers, including the ability to carry out market studies in addition to investigations. They can't do that at the moment. It would be very useful if it could study digital phenomena. There's a digital sandbox, but it's not big enough to force the market participants to give it the information or data to know what's going on concretely, rather than simply speculation. Right now, we don't nec-

essarily know everything that's happening, and I'd be the first to acknowledge that.

So it would be very important to give the bureau the resources and powers it needs to carry out a mandate analogous to what the FTC, the Federal Trade Commission, or the DOJ, the American Department of Justice, do. They have completely different resources, and we shouldn't have overly high expectations, in my view.

• (1440)

Mr. Gérard Deltell: When you were drawing parallels between Canada and the United States, you said that both were federations. In Canada there are provinces, and you will no doubt understand that I'm naturally more attentive to what happens in Quebec. Minister Caire introduced several bills on this matter and developed a framework.

Are you afraid that in our current system, the provinces and the federal state would tread on each other's toes?

Dr. Jennifer Quaid: That's certainly possible, but I would say it's important to begin to envisage a collaborative approach for economic management, economic policy and competition policy.

It's perhaps just a dream, but just as we have seen in environmental matters, it has become clear that a single level of government can't do everything. It takes cooperation, because the issues are too important. In the end, it might be wise to envisage the provincial and federal competition authorities working together.

I think we're getting there, because there have always been problems with qualifications and skills. There will of course be overlaps, but in other sectors, both levels have been able to work together. In the interest of all Canadian citizens, we need to find a way to collaborate. I recommend more collaboration, even though it's difficult.

The Chair: Thank you very much, Ms. Quaid.

Mr. Fillmore now has the floor for five minutes.

[*English*]

Mr. Andy Fillmore (Halifax, Lib.): Thanks very much, Mr. Chair.

Thanks to the witnesses for sharing their time and their excellent testimony today.

To start, I'd like to direct my questions toward Monsieur Champagne and Mr. Leal. The questions are going to be regarding the right to repair. I'd like to explore two things.

The first is the broad question of how we can balance consumer rights while still trying to encourage innovation and protect IP. This is the fundamental tension. I wonder, from the perspective of your industry, how you might see that playing out and what government can do.

Mr. Steve Leal: In my view, if you think about it, in some of the arguments we've heard from different areas around the world, people are using the opportunity to say that they want to protect IP. For us on the service side, we're not against them protecting their IP. It's just about sharing it in a way that we can have access to the information to make sure we can fix the cars.

I don't think we have a concern with their protecting their IP. That's never been out there. I think there are ways of delivering portals or data that's protected that we can share and people would have access to. I would say that, in our view, the problem is.... We need a voluntary agreement and legislation by the government to force the OEs to put all their information in a trusted resource that is managed by industry.

People are paying for it, so we're not asking for the government to sponsor it. Basically, give the structure of what it should look like to protect their information, while at the same time providing the information to the people who need to fix the car. I think creating that portal of sharing and collaboration and making sure that we get the right information to fix the car properly....

We always look at the mechanical side, but I'll pick the collision side. When you look at the collision side, when I have to repair a car that's been in a car accident, I need to know a lot of information in order to put that car back on the road. The majority of the dealerships in Canada do not have a body shop. They use the aftermarket, so they need to work with us at that point, and we need to have access to the parts and the information to properly repair the vehicle to put it safely back on the road.

When you look at the whole segment, mechanical is one piece, collision is another and the other one is glass. When you change a windshield now, you need to have ADAS calibration. The OEs need to make sure they share the data on the vehicle in order to make sure that when I recalibrate the camera, the car doesn't go into the wrong lane.

I think it's happening so fast. Every car now has calibration coming out of it off the line, but for the aftermarket, and even the dealers, no one is up to speed yet.

• (1445)

Mr. Andy Fillmore: There's a constituent of mine in Halifax I've known for years and years. He has always worked on his own cars, going back to the Cutlasses from the seventies, and he is able to work on his own car less and less now. He did order something from Amazon in the United States. It's the thing that lets you read the codes on your car's computer. Where does that lead to? I don't know. Consumers, the guy in his driveway with one of those code readers trying to fix his own computerized car...? It probably doesn't lead to a good place. There's something that we need to change here.

If I have a minute still to go, Mr. Chair, I want to flip over to the trade agreements we have. I'll just stick with the United States for an example.

For some of the technological protection measures, the TPMs, that exist in these cars, the CUSMA, for example, has something to say about those. Here in Canada, we're trying to figure out some-

thing about the right to repair, but it's going to have implications on trade with the United States.

As we know, the trade issues are fraught with regard to the automobile industry. Do you have any reflections to share there about how we might navigate that trickiness?

Mr. Jean-François Champagne: I think, as we pointed out earlier, that we're a little behind. If you think about it from the perspective of the Americans, they already have right to repair legislation, which was extended to the connected car through the state of Massachusetts. They currently also have, at the federal level, the repair act, which specifically looks at right to repair for the automotive sector. It's in front of Congress, with bipartisan support.

If, in fact, we're going to continue to have good trade with our U.S. partners, we're going to also have to consider all of the current legislation tabled in the U.S., which is, again, ahead of Canada in that regard.

Mr. Andy Fillmore: It sounds as if you're holding the United States legislation up as an example for us to go by and look at.

Mr. Jean-François Champagne: Absolutely. Look at the state of Massachusetts, where there was a ballot measure adopted as part of the last federal election in the U.S. It got broad support from the population—again, 75%. All the counties throughout Massachusetts voted to extend the right to repair legislation in that state to the connected car. That's a good example to look at, definitely, but I would also encourage parliamentarians to look at the federal act currently tabled, the fair repair act.

Mr. Andy Fillmore: Thank you for that.

Is it safe to assume...?

Are we done, Mr. Chair?

The Chair: Yes, we're out of time, Mr. Fillmore. Thank you very much.

We'll now move to Mr. Lemire

[*Translation*]

Mr. Lemire, You have the floor for two and a half minutes.

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

I would like to thank all the participants for their remarks.

Ms. Quaid, I think what you are doing is allowing us to think two or three moves ahead, the way people play a game of chess.

I'd also like to hear what you have to say about the consequences of inaction. There is a cost to inaction. How do you put a value on it? Do you have examples you can give the committee about such consequences, particularly for our companies, but also for Quebecers and Canadians, for inaction on the Competition Act front?

Dr. Jennifer Quaid: It's hard for me to come up with a number. I'm a jurist, not someone who studies economic repercussions in any depth. It would be interesting to know.

One thing that's certain is that the more time goes by, the more we end up in a state of uncertainty because other countries are beginning to position themselves. Our position remains unclear. We can still catch up, but the United States is already far ahead of us.

We have increasing access to the whole world for business. That's true for SMEs and large corporations.

What's harming us in this context is the fact that we don't have any clear rules. For example, with respect to data management, what are the rules that govern access to personal data and the protection of privacy? What are the expectations with respect to abuses by those who have a dominant market position?

The more uncertainty continues, the more of an impact it will have on our companies to compete on an equal footing with their international peers. Inaction definitely has a cost, but I can't really assign a value to it as such. I don't think the problem is serious yet, but it's going to become serious.

When the Europeans adopted their privacy regulation, everyone said that it would be impossible and that no one would comply. But then all of a sudden, it has become the standard and the whole world is trying to catch up.

It would be unfortunate if we were to find ourselves in a situation where all major decisions were being made elsewhere and we simply had to cope with decisions made by others. That's my biggest fear.

• (1450)

Mr. Sébastien Lemire: Are you afraid of certain countries more than others?

Dr. Jennifer Quaid: It's not really that other countries are vultures, but rather that they simply have different objectives. The Europeans have a particular view and their competition law serves their own markets and politics.

All the digital giants are American. The United States has to deal with that. Their competition regulation is not terrible, it's just poorly suited to us as a country with a relatively small population that is focused on international trade, although our SME sector is significant. We need to deal with our realities. I'm sorry not to be able to give you details, and I would have to do more research in order to be able to pass that information on to you.

Mr. Sébastien Lemire: We will do some as well.

Thank you, Ms. Quaid.

The Chair: Thank you, Mr. Lemire.

For our final round of questions, I will now give the floor to Mr. Masse for two and a half minutes.

[English]

Mr. Brian Masse: Thank you, Mr. Chair.

The U.S. was brought up by Mr. Fillmore. It's important. That's what started my passion, over 12 years ago, for right to repair. It's because of the U.S. laws. I could get a vehicle fixed in the United States, but I couldn't get it fixed in my own country. They are looking at refining those elements.

As for the current voluntary agreement, is there any way to modernize it? The Liberals have a private member's bill regarding right to repair. The problem with it is that it's very wide. It's not necessarily a problem. It's the way it's structured, with each province having to decide its own fate on different things. For automotive, we want the same standards across the board, especially for manufacturing and so forth.

Is there any way to modernize the current agreement to strengthen it so you can opt out, and to provide the proper oversight to ensure it includes digital information, EVs and further enforcement?

Mr. Jean-François Champagne: I guess it would be hard to have a voluntary agreement that would say you can't opt out. The very nature of the voluntary agreement would make it so that if Tesla, with its very different business model, chose not to participate, then.... What we see in the future is that most of the new entrants in the EV space specifically are going to be non-traditional automakers who are not bound by the voluntary agreement. Their business model is very different. I think without legislation, we simply won't have compliance with those kinds of traditional voluntary agreements.

Mr. Brian Masse: Yes. I don't like being proven right, but we're kind of back at that spot. It's also a public safety thing. Now we're going to have vehicles that will be on the road longer, and more distances, that need upgrades and improvements. For some of them, as you mentioned, there are cameras and other things like that. They're actually co-piloted now by the entire operation.

Mr. Steve Leal: Listen, repairs are more complex. They're more computerized. You plug into these cars now and you need the access to the software and the data or you can't access what needs to be repaired on the vehicle. The data in the automotive sector, like I said, is going to become key for us in the future.

Mr. Brian Masse: Thank you, Mr. Chair.

The Chair: Thank you very much, Brian.

That concludes our round of questions.

I want to thank our witnesses for joining us today. It's been a very interesting meeting. Thank you for sharing your knowledge with us. I wish you all a great weekend.

Colleagues, before we adjourn, we have a bit of committee business to discuss. We've received an invitation from the finance committee to look at part 5, divisions 15, 16 and 17, of the BIA. We've had discussions, as Mr. Lemire brought up earlier in the meeting, amongst the different parties. I believe there is an agreement to dedicate next Friday's meeting to looking at these sections of the BIA.

I've consulted with the clerk as well to understand what the normal procedure is in such references from other committees. What I suggest is that I write a letter to the chair of the finance committee summarizing the testimony we hear in that meeting. If any members have specific recommendations they would like to add, I will add them in an annex to the letter I send to the finance committee chair.

Is that agreeable to all? That would be next Friday.

I see nodding at a distance in the room. That's great.

• (1455)

Mr. Gérard Deltell: Mr. Chair, if I may....

[*Translation*]

We are somewhat in the dark on the areas dealt with in these sections of the Budget Implementation Act, 2022, No.1. I would therefore suggest at least two meetings to examine their study. If we can do it in a single meeting, so much the better, and we could always make adjustments as required. However, I think we need to give ourselves the latitude of two meetings. It is, after all, to study a bill and we are in the midst of discussions. We've seen how important this subject is. I therefore feel that it would not be a good idea to proceed too quickly.

The Chair: I understand your argument, Mr. Deltell. But our time is very limited. We will indeed hold two meetings next week, one of which will be on Tuesday. The witnesses have already been invited to this meeting and we don't have time to prepare for the Tuesday meeting. That would leave us next Friday to meet on the Budget Implementation Act, 2022, No. 1. My understanding is that an agreement had been reached through an exchange of text messages among the various parties to the effect that we should hold a meeting on Friday. We do in fact have to report back to the Standing Committee on Finance by May 27. So the only two meetings we have left are the ones next week.

Mr. Gérard Deltell: In that case, could we envisage meeting virtually during the week from our ridings?

We could do that anytime.

The Chair: Based on the discussions I've had, I don't think that the committee members are that keen on the idea of meeting, particularly as we have just sat for four weeks in a row. But if you want us to vote on that, we could do it. Other members might perhaps wish to intervene on this.

As I mentioned, all MPs who wish to make recommendations can do so. This information would then be appended as required.

[*English*]

Mr. Fillmore.

Mr. Andy Fillmore: Thanks, Chair.

I appreciate very much Mr. Deltell's interest in doing a very good job. We're lucky. We all have wonderful colleagues on the finance

committee who have this study very well in hand. I respect the work they do, and I know they will do a wonderful job. They'll be going through clause-by-clause consideration of the bill. We're certainly not being asked to shoulder the brunt of the BIA.

It has been a long four weeks, and I think many of us need to give some attention to our constituents next week. If we could please keep it to one meeting on Friday and manage from there, we could trust in our finance committee colleagues to do a really good job with the feedback that we give them from the one meeting of INDU.

The Chair: Mr. Masse.

Mr. Brian Masse: Just very quickly, I'd support one meeting. It's also about interpretation and getting stuff going. It's short notice, so there are things going on, but I really appreciate the motion coming forward. It's actually responsible, and it's a good response to another committee.

That's just my take. Let's get this meeting done. I appreciate the argument for two, but given everything we're doing, let's just try to get one in. If we have to limit my time or whatever, I'll take a reduction if we need more time together to get some work done.

The Chair: It's also that this invitation from finance is on quite short notice and with a short time to respond. Are we all in agreement?

Mr. Deltell, I can't—

Mr. Gérard Deltell: Yes, it's a consensus.

The Chair: Great. I'll just take this last minute that we have to thank all of you, colleagues, and to wish Brian a very happy birthday.

Some hon. members: Hear, hear!

Mr. Brian Masse: Thank you.

The Chair: Thank all of you for the great collaboration on this committee. It's been going very well.

Brian, enjoy your birthday celebrations, and have a great weekend, all.

The meeting is adjourned.

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