



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Industry and Technology

EVIDENCE

NUMBER 022

Tuesday, May 10, 2022

Chair: Mr. Joël Lightbound



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• (1600)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): The meeting is called to order.

Hello, everyone. Welcome to meeting No. 22 of the House of Commons Standing Committee on Industry and Technology.

First of all, I would like to apologize to the witnesses for the delay. There were a few votes in the House, which is why we are late. Thank you for your patience.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Friday, April 8, 2022, the committee is meeting to study Small and Medium-Sized Enterprises.

Today's meeting is in hybrid format, pursuant to the House Order of November 25, 2021. Members are attending in person in the room or remotely using the Zoom application. Those who are here in the room are familiar with the health rules.

Dear witnesses, we are delighted to welcome you to the committee.

Appearing as an individual are Mr. Ritesh Kotak, technology entrepreneur and strategist, and Ms. Yelena Larkin, associate professor of finance, York University.

We are also pleased to welcome Ms. Dana O'Born, vice-president, strategy and advocacy, who has returned, this time with the right equipment.

[*English*]

Thanks for being here, Madam O'Born.

From the Driving Change Automotive Group, we have Trevor Boquist, CEO; from the Thompson Okanagan Tourism Association, Mr. Michael J. Ballingall, vice-president; and from the Windsor-Essex Regional Chamber of Commerce, Rakesh Naidu, president and chief executive officer.

Thank you all for being here.

Without further ado, we're going to start with Ritesh Kotak for five minutes.

Mr. Ritesh Kotak (Technology Entrepreneur and Strategist, As an Individual): Good afternoon, Mr. Chair, and committee members. Thank you for inviting me to share my thoughts.

My name is Ritesh Kotak, and my work is focused on cybersecurity, privacy and digital transformation. I hold an MBA and recently

completed my JD wherein I had the privilege to intern at the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic. In addition, I frequently contribute to media on tech and cybersecurity segments.

I would like to highlight a few areas that impact our country's ability to compete, especially with regard to small and medium-sized businesses, SMBs, and I will aim to provide the committee with recommendations on how to address these areas through policy and legislation.

The core of my recommendations involves the need to create a small business hub, which is a one-stop shop for entrepreneurs who seek support and access to government entities.

The pandemic has highlighted the need to leverage new digital tools. I'm sure that most of you have personal and/or professional social media accounts, but have you ever thought about what would you do if you lost access to those accounts? Imagine that you become a victim of a cyber-attack, your accounts get defaced with content that violates the platform's community standards, and now you're not only locked out of your Facebook account, but also Instagram and WhatsApp.

In December, I gave an interview to the CBC's *Go Public* segment on this very topic where SMBs were hacked, defaced and spent months trying to unsuccessfully recover their accounts. It took a request by the media to finally have these accounts recovered. Not only were they hacked, but business accounts were also defaced with sexually explicit material or terroristic imagery. The victims believe that they were phished. Essentially, they clicked on a fake link, and thereby provided their log-in credentials and then subsequently had their accounts compromised.

They went through the process with Facebook to recover their hacked account. The portal is not easy to navigate; there's no contact number or email address. Even if the account is recovered, it is still suspended because the hacked imagery violated the community standards even though it wasn't the user's fault.

Since conducting that interview, I have been inundated from coast to coast by small business owners who have been going through this nightmare for months and have been unsuccessful in recovering their accounts. As a result their businesses have suffered, not to mention the stress this has caused them.

When one of these victims complained in writing to the Office of the Privacy Commissioner, the latter's response was that since the account was hacked, they needed to contact their local police department. The police stated that there was nothing they could do and that the recovery of the account was between the user and the platform. The police's mandate is to find the hackers, not to restore the victim's account.

When the victim contacted Facebook Canada, they replied several weeks later saying that the user must contact Facebook HQ in the U.S. It has been months and no replies have come from Facebook HQ. There is no clear recourse or avenue for support.

I am sure there are many businesses in this exact situation. If we are going to be competitive, especially in the new digital economy, we need better mechanisms to help SMBs. Victims are revictimized by the process and are extremely vulnerable. Many turn to expensive online tools and consultants who charge thousands of dollars but are unsuccessful.

If I lose access to my bank account, I can go to the branch and verify my identity and recover access, but the same cannot be said for these platforms. We need mechanisms to protect consumers and to mandate these platforms to make it simpler for SMBs to recover their accounts to get back to business. Every day the page is offline is money that the business loses.

These experiences highlight the need, as I noted earlier, to create a small business hub. My parents are small business owners in the food manufacturing sector, and when the pandemic hit, they along with numerous businesses had to pivot their operations online. They didn't have deep pockets and access to IT departments. Many SMBs lack these resources and expertise compared with large commercial organizations. Put yourself in their shoes competing against major retailers online.

Major corporations have volume and can offer consumers free shipping. Your cost as an SMB is significantly higher. Major corporations have experts who assist in meeting complex regulatory requirements, such as compliance with product labelling. In comparison, if a small business were to seek compliance or advice, they would naturally contact the Canadian Food Inspection Agency for assistance, which often, even frequently, proves inadequate. The only options are to risk it or hire expensive consultants.

We need a fundamental shift from a reactive enforcement model to a proactive support model. We need a small business hub that would assist in addressing this.

I know my time is expiring, and I look forward to your questions about potential solutions to solve these issues and grow Canada's competitiveness.

Thank you.

• (1605)

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

We will now move to Professor Larkin, for five minutes.

Dr. Yelena Larkin (Associate Professor of Finance, Schulich School of Business, York University, As an Individual): Thank you so much.

I appreciate the invitation to attend this meeting and the opportunity to speak today in front of the committee members. My name is Dr. Yelena Larkin, and I am an associate professor of finance at the Schulich School of Business at York University. I study issues related to product market structure and industry concentrations through the lenses of academic research in corporate finance. This statement is an integration of my own research work on the topic of concentration, as well as academic work by my fellow finance and economic researchers.

Corporate finance research focuses primarily on publicly traded firms, which are obviously very different from SMEs in multiple aspects. However, I believe that the analysis of publicly traded firms, which are both industry leaders and the largest players in the overall economy, can be of interest to this committee, as it helps us better understand the overall economic environments within which SMEs operate these days.

My main focus is the declining nature of Canadian business dynamism as it is reflected in the universe of publicly traded Canadian firms. The number of firms listed on TSX that are not set as an investment vehicle, which excludes mutual funds, closed-end funds and so on, has dropped by around 30% since its peak in 2008, whereas the remaining firms have grown older and also bigger. Importantly, the growth size has been skewed so that large firms have grown at a much steeper rate. For example, the inflation-adjusted market cap of firms in the top quartile of size distribution has swelled from a quarter of a billion dollars in 2008 to almost one billion dollars in 2016.

The outbreak of pandemics has not reversed these trends. While the number of publicly traded firms on TSX has changed little, the average firm value grew by another 30% between 2019 and 2021. Other important trends that have been characterizing Canadian financial markets in the past two decades include low entry rate through IPOs—the process through which a private firm becomes publicly traded—and high level of exits through mergers and acquisitions.

Combined, these trends signal a structural change. Existing research based on international data demonstrates that concentrated stock markets are associated with less efficient capital allocation, sluggish innovation activity and slower overall economic growth. I have tested the validity of this argument within the Canadian economy and found consistent results. Canadian firms operating in industries with more concentrated market cap distribution end up being more profitable, but at the same time, they do not invest more in either tangible capital or R and D. Taken together, the increase in dominance of large firms is consistent with an increase in barriers to entry and potentially a decline in product market competition. This in turn hurts smaller firms, and SMEs in particular.

Going forward, I believe it is important to safeguard a consistent economic policy framework that would support the growth and development of SMEs along multiple channels. I also think it is necessary to ensure that various policies complement each other and not interfere with each other. As an example, on the one side, government's broad suite of funding measures has been supporting small businesses across Canada, especially during COVID-19. On the other side, however, the existing legal environment for mergers and acquisitions has been quite lenient towards anti-competitive mergers.

The existing Competition Act has been lacking clear guidelines as to what merger would be considered anti-competitive. The idea of examining the trade-off between efficiency gains and the competitive harm from the merger in order to determine whether a proposed merger should go through has also put consumers and small businesses at a disadvantage. I therefore welcome the recently proposed initiatives to amend and update the Competition Act in a way that better reflects today's unique challenges.

Additional strategies aimed at reducing barriers to entry and costs of business operation that are particularly acute for SMEs can further promote growth. Reducing regulatory costs that disproportionately hurt small businesses could be one such strategy. Another approach could focus on providing small businesses with better access to labour capital. Again, SMEs have borne the brunt of the COVID-related labour shortages.

Finally, I believe further academic research is needed to understand the drivers of the current trends in the Canadian economic environment and their implications for SMEs. Establishment of research programs that could bridge between academic researchers on one side and agencies with access to granular data on the other side could create valuable new advancements with direct policy implications for both SMEs and the Canadian economy in general.

• (1610)

Thank you very much for your attention. I'm looking forward to your comments.

[Translation]

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

I will now give the floor to Ms. O'Born for five minutes.

[English]

Ms. Dana O'Born (Vice-President, Strategy and Advocacy, Council of Canadian Innovators): Thank you so much for the initiation to be here today.

We had a technical difficulty early this week or late last week. I'm grateful for the opportunity to present today on the labour shortages and productivity of small and medium-sized enterprises across Canada.

My name is Dana O'Born. I am appearing on behalf of the Council of Canadian Innovators. We are a national business council that represents 150 of Canada's fastest growing companies. Our member companies are headquartered here in Canada and employ north of 52,000 employees across the country. They are market leaders in the sectors of health technology, clean technology, financial technologies, cybersecurity and more.

After two years of the pandemic, there has never been a greater need to support SMEs in their adaptation, growth and competition in the global economy. The priorities I'm going to speak to today address SMEs and their ability to access talent, capital, customers and marketplace frameworks—a few pieces that Yelena actually mentioned in her comments as well.

First, I'd like to brief you on the pressures facing domestic technology companies in Canada in their pursuit of attracting and retaining highly skilled talent.

A recent report from the ICTC estimated that by 2025, Canada's digital economy will employ about 2.26 million Canadians. That's 11% of all employment in the country, but it will require an additional 250,000 jobs to be created over the next three years.

CCI's members and Canada's scale-up companies are committed to creating many of the new jobs. However, they face a serious talent supply issue. Unfortunately, scale-up companies can't just maintain their workforce; they also need to grow rapidly and adding the best and brightest talent remains a constant priority.

A recent survey of CCI's members also found that most companies plan to increase their workforces by 20% this year alone. That's an additional 10,000 workers added to our economy by this year's end.

For years, the shortage of skilled talent has been a driving concern for CCI member companies, but the recent shift to remote work has only exacerbated the problem. Canada's skilled workers are now part of a global labour market where geography is no longer as important. Our domestic innovators are finding themselves in fierce competition with global companies who can offer significantly higher wages for the same crop of skilled workers.

This is driving up wage inflation. Earlier this year, CCI surveyed our members on this topic specifically and found that wage expectations have increased by 20% to 25% over the past year alone. This is not sustainable. In response to this, CCI recently tabled and released a talent and skills strategy with 13 key recommendations to meet the talent needs of our country's fastest growing companies. These recommendations speak to the need to increase generation, attraction and retention of skilled workers for Canadian firms.

Through our national membership, we have strong insight on how to address these challenges, including improvements to our immigration system and investments into upskilling and retraining programs across the country. I look forward to engaging with you a little bit more on some those ideas today.

In addition to skilled labour shortages, there are several challenges that scale-ups are facing while trying to sustain their growth. Canada's outdated intellectual property regime and SR and ED framework must be improved to better support SMEs.

In the 21st century economy, intellectual property and other forms of intangible assets are the most critical sources of an economic advantage for firms and economies. Since 2020, we have continued to see a rise in the intangible assets base. Even as the pandemic winds down, the new wave of digitization, algorithms, patents, data and other intangible assets will only become more valuable.

To capture the maximum economic benefit from private sector R and D, it's essential that research and development be converted into commercial assets here in Canada. This means that changes to the SR and ED tax credit could potentially allow for costs associated with protecting, defending and prosecuting IP to be recognized as eligible expenses. This would send a powerful signal to businesses that generating IP through R and D is a fundamental component of the innovation process in Canada.

However, SR and ED will only deliver material, long-term value to Canada if the IP flowing from these investments continues to reside and be commercialized for the benefit of Canada. CCI has several recommendations to better support Canadian IP and the SMEs who develop it. I look forward to sharing some of them with you today.

To conclude, with smart changes to existing strategies and the development of new measures where required, we can ensure that Canadian SMEs become leaders in the digital economy. Without this strong base of homegrown, high-growth SMEs, we will not be able to generate the economic growth and public wealth necessary to pay for the public services that Canadians depend on.

Thank you and I look forward to your questions.

• (1615)

The Chair: Thank you very much, Madame O'Born.

We'll now move to Mr. Boquist for five minutes.

Mr. Trevor Boquist (President and Chief Executive Officer, Driving Change Automotive Group): Thank you.

I'm here today wearing two distinct but complementary hats: I am a local new car and truck dealer in Saskatchewan and I recently

served as the national chair of the Canadian Automobile Dealers Association, or CADA, during the pandemic crisis. These dual roles have given me unique insight into the challenges facing dealers nationally and locally.

As a starting point, it is important to recognize that Canada is fortunate to have a network of over 3,500 franchised automobile dealers who sell and service new cars and trucks in virtually every community across Canada. Dealerships are not owned by factories. Each dealer invests "all in" in a locally run business that services their community. Our dealers literally keep Canada rolling, and it is important to note that governments across Canada recognized the essential service our members provide by keeping our operations open during the pandemic. Most members of this committee will know that our dealers represent a vital sector of the Canadian economy, but may not know that we proudly employ 150,000 Canadians in well-paying jobs that build communities.

Given the broad mandate of the committee's study, I will focus my remarks on three issues.

First, regarding worldwide supply chain issues, the Canadian retail auto industry continues to be highly impacted. Given the highly integrated nature of the global supply chain and the microchip shortage, dealers and consumers in Canada are facing severe inventory shortages. It will take a long time for the auto supply chain to improve and it is important that the federal government is paying attention to factors that could stall this critical sector of consumer need. Vehicles have been delayed and auto parts shortages have impacted consumers across Canada. Now is not the time for new policy measures that hamper economic recovery in our small business sector.

Second, there has been recent attention paid to the issue of the consumer's right to repair. It appears some are trying to leverage consumer outrage over cellphones and washing machines into competition legislation for vehicles in Canada. From the ground, I can tell you this makes little sense as a practical matter. Cars and trucks in my province are being repaired and we never hear consumer complaints about the lack of access. In fact, vehicle consumers in Canada have been protected by a national voluntary agreement on right to repair since 2009. I would invite committee members to learn more about the Canadian Automotive Service Information Standard, or CASIS. The agreement ensures that manufacturers share service and repair information with the automotive aftermarket industry to maintain an open, fair and competitive repair industry for the benefit of all stakeholders and consumers.

Third, Canada has set bold targets for a future where electric and other zero-emission vehicles, otherwise known as ZEVs, have replaced internal combustion engine vehicles by 2035. The transition to 100% ZEV sales will be a massive societal transition that will require government leadership and programs, as well as a shift in societal barriers. Again, I can tell you from the ground that this vision of 100% electric by 2035 will be really tough to achieve.

On the positive side, the public should be encouraged by the impressive lineup of all-new ZEVs that will be introduced in the next couple of years. Leveraging the existing Canadian dealer network will be vital for the speedy adoption of ZEVs by Canadians. As with any new and unfamiliar technology, Canadian consumers will need to be educated about owning and operating ZEVs. Customers will also need the comfort of a reliable, Canada-wide network of qualified service technicians to service their new ZEVs in one of the world's harshest winter climates. This includes performing valuable safety functions, such as recalls. Clearly, for Canada to achieve the target of all new light-duty car and passenger truck sales being zero-emission by 2035, more ambitious government action is required to enhance consumer incentives, invest in charging infrastructure, and create an electric vehicle battery supply chain.

In closing, I'll say that Canada's franchised car dealers look forward to playing a leading role in bringing in the next exciting chapter in Canada's proud automotive history. Dealers will do what they have done for the last century, which is selling and servicing automobiles that provide Canadians with reliable and affordable private transportation. Canada is a vast northern country, and our success economically and as a society depends on a working automotive transportation network.

Thank you very much.

• (1620)

The Chair: Thank you very much.

We will now move to Mr. Ballingall for five minutes.

Mr. Michael J. Ballingall (Senior Vice-President, Big White Ski Resort, Thompson Okanagan Tourism Association): Good afternoon.

I would like to begin my presentation by respectfully acknowledging I am joining you from the traditional ancestral and unceded territory of the Syilx Okanagan people.

It is a pleasure to speak to the Canadian House of Commons Standing Committee on Industry and Technology today, May 10, 2022, my 62nd birthday.

I've been employed in the tourism and hospitality business since 1979. I've worked in restaurants, nightclubs, golf courses and ski resorts for my entire career. In November of 1985, I began my career at Big White Ski Resort after the resort was purchased by an Australian family. I was invited to visit their resort in Australia—Mount Hotham—where I began a career with a working visa as a ski instructor.

I met my wife in Australia. We moved back from Australia in 1995 with two kids and a boatload of furniture and I've been employed as the senior vice-president of Big White Ski Resort ever

since. We currently experience over 660,000 skier visits and are the second most popular winter resort in British Columbia.

I volunteer on many tourism boards, including as adviser to the Canadian Ski Council, representing Canada's destination ski resorts. I'm a director of Tourism Kelowna, a director of the Tourism Industry of British Columbia, the president of the Tourism Big White Society and, last, the chairman of the Thompson Okanagan Tourism Association. In that role alone, we represent over 3,500 stakeholders from Osoyoos to Valemount. We are the geographical size of the country of Ireland.

As you are well aware, "Super, Natural British Columbia" has been heavily impacted by the COVID-19 pandemic. I would now like to share with you a number of points regarding labour shortages in the tourism industry and the supply chain challenges. I understand that my time is short, so let me begin.

Canada's tourism industry was amongst the business sectors hardest hit by COVID-19. Many people left their jobs during lockdowns, entering new fields and resulting in less Canadians to attract. Tourism was the first sector to be impacted and will be the last to recover. Prepandemic, the industry generated \$105 billion in economic impact and employed over 1.8 million workers, as said by the Tourism Industry Association of Canada.

Today, the tourism industry simply needs your help. By way of example, let me illustrate.

The Crystal Cove Beach Resort in Tofino, British Columbia, is a great example of how the industry has been impacted. Tofino bucked the trend and became the Hawaii for all Canadians as world travel was heavily restricted. The trend continues into the summer of 2022. Major challenges in labour are their number one issue. Many businesses cannot operate at full capacity—some as low as 50%—as no staff are available to work in the hospitality chain, including at the front desk and in cleaning rooms. They have supply chain issues.

In the Town of Tofino, outdoor hot tubs are very popular. At this resort alone, they have 28 outdoor hot tubs that are highly sought after by the guests. It took up to 10 days to get parts during pre-COVID times; now it's up to six months. On a busy day, the town can expand from 2,000 to 10,000 people. Fresh stocks of groceries and other hospitality items are in great demand because of supply chain issues.

Let me give you an example about Whistler. You all know that this world-class destination and home of the 2010 Olympic Games is something that Canada is very proud of. A prime example on a greater scale is how the industry is in peril. Delays in immigration, even including recent changes, have not filled the labour pool, and they were short by up to 4,000 full-time equivalent jobs last winter. Today, I am told—and their studies will indicate—that Whistler will be short 5,000 to 6,000 employees this summer in a town of 14,000 permanent residents.

The ski industry in Canada supports the overall policy of the Tourism Industry Association of Canada and Tourism HR Canada on improving the tourism labour force; however, the ski industry has specific challenges that must swiftly be addressed to solve this national problem. The ski sector relies heavily on foreign labour to support seasonal operation needs and the hard-to-fill positions of housekeeping, culinary, lift operations, rentals, boot-fitting and ski school. Those trained hospitality professionals then go on in the summer months to fill positions in the valley that the resorts are located on top of, including in golf courses, wineries, hotels, restaurants, bars, marinas, day camps and much more.

• (1625)

For years prior to and after the 2010 Olympics, visas were readily available for young people between the ages of 20 and 30, who could enter our country for multiple visits to work in the tourism and hospitality industries. We believe a return to these programs would have a profound beneficial impact on the tourism industry immediately and would, therefore, impact small businesses from coast to coast.

Historically, the two federal recruitment streams that have supported the hospitality sector have been the temporary foreign worker program and the international experience Canada working holiday. Ski employers report that the international experience Canada working holiday and the temporary foreign worker program have been the highest utilized channels to fill positions, with 40% of full-time instructors having started off in these programs and then moving to become permanent residents.

Industry recommendations are as follows.

Immediately exempt Canada's tourism sector from having to fulfill the LMIA requirements until such time as revenue and employment levels match or exceed prepandemic, pre-COVID performance levels. It should be noted that ski areas are often placed within the LMIA zones that prevent the ski area from participating in current exemptions. For example, Banff is included, along with Grande Prairie, Alberta, which is 685 kilometres to the north. The enormous paperwork and requirements for employers result in the LMIA lapsing and having to start the process over again.

Ensure that there are dedicated representatives to support the needs of the hospitality, tourism and ski sectors, and expedite the processing of applications by ensuring that all applications advance through the review and approvals process in no greater than a three-week time frame. Resorts such as Whistler, Sun Peaks, SilverStar, Revelstoke, Kicking Horse, Fernie, Banff, Lake Louise, Tremblant, Mont-Sainte-Anne and Big White Ski Resort all have large HR departments that are very familiar with the process and can benefit the smaller operators through their assistance in finding and training

hospitality workers. It is evident through the hiring clinics that these—

• (1630)

The Chair: Excuse me, Mr. Ballingall. I hesitated because it's your birthday. I didn't want to interrupt.

On behalf of the entire committee, we wish you a very happy birthday.

We're grateful to have you on this special day, but we're already two and a half minutes over time. I would ask you to conclude briefly. Otherwise, I'm sure you'll get the chance during the questions.

Mr. Michael J. Ballingall: There you go. Thank you very much.

Beginning with this year's ski season, we recommend the introduction of a two-year winter pilot project targeted at attracting ski instructors to the industry with a limited two-year visa. We are losing these professionals, who train Canadians, to our competitors in Austria, Japan and the U.S.A.

With that, I will conclude my statement.

The Chair: Thank you very much. I'm sure we'll get plenty of questions.

We'll now move to our last witness for today. Mr. Naidu, you have five minutes.

Mr. Rakesh Naidu (President and Chief Executive Officer, Windsor-Essex Regional Chamber of Commerce): Good afternoon, Mr. Chair and committee members.

Michael, a very happy birthday to you.

Committee members, thank you for the invitation to present to the committee.

I'm Rakesh Naidu, president and CEO of the Windsor-Essex Regional Chamber of Commerce. I'm presenting a Windsor-Essex perspective on the labour shortage and its impact on SMEs. My comments reflect what we are hearing from our industry associations and the frontline business community.

Windsor-Essex is located at the heart of the richest consumer market in the world, where more than half of the North American population lives within a day's drive. The 10th largest market in the U.S., metropolitan Detroit, is less than one mile away, just across the Detroit River. This unique geographical location makes Windsor-Essex an ideal location for trade.

It's no wonder that, of the more than 1,000 manufacturers in Windsor-Essex, 90% are exporters. Windsor-Essex has a significant auto cluster, including OEMs and many large tier 1 and tier 2 suppliers. There are more than 3,000 acres of greenhouses in Ontario. Approximately 80% of them are in Windsor-Essex, and 80% of what they produce is exported.

From being the automotive capital of Canada, Windsor-Essex is fast evolving as the automobility capital of Canada. We recently attracted the investment of a \$5-billion EV battery plant. Additionally, Stellantis confirmed an investment of \$3.2 billion in retooling the Windsor and Brampton assembly operations. Stellantis also confirmed an investment to create 650 new R and D jobs at the research and development centre in Windsor-Essex. Amazon announced the opening of a fulfillment centre in the area, which will create 300 new jobs. These recent announcements equate to approximately 4,000 new jobs by the year 2024, not to mention the third shift coming back at the Windsor assembly operation, which will add a few more thousand jobs.

Year 2024 will be a major milestone year for the Windsor-Essex region, not just for the reasons mentioned. It will also be the year when the Gordie Howe International Bridge will get fully operational. The new international crossing will create further opportunities for business, specifically in the logistics and transportation sector.

While all the recent investments and upcoming opportunities give rise a great deal of optimism for the region of Windsor-Essex and I would say all of Canada, we are concerned that the labour shortage may not help us in tapping into the full potential of these announcements and the jobs that are likely to be created.

In a recent annual business confidence survey carried out by the chamber network in Ontario, 62% of businesses said that their sectors are facing a labour shortage. The situation in Windsor-Essex is very similar. This is further compounded by the aging population of the workforce and retiring employees who don't have a good succession plan.

We believe that immigration can provide much-needed relief to some of the challenges mentioned earlier. The Windsor-Essex Regional Chamber of Commerce has been leading an initiative to launch a municipal nominee program that will identify the needs of the community, specifically the employers in the region, and bring skilled and professional immigrants who will meet and match the needs of the employers. A proposal to do a pilot study was presented to the ministry of IRCC.

Another sector that has tremendous potential in the Windsor-Essex region is the logistics and transportation sector. The border crossing in Windsor-Essex is one of the busiest commercial crossings in North America. The importance of the border crossing was highlighted during the recent pandemic and the bridge blockade. The trucking industry moves approximately two thirds of the half a billion dollars worth of goods that cross the border on a daily basis. However, the industry is experiencing major challenges, and if these shortages are not addressed, this will lead to further supply chain disruptions, an increased cost of doing business and a rise in inflation.

The two major issues affecting the industry are driver shortage—currently we are approximately 50,000 truckers short in Canada—and the rising cost of doing business, specifically for SMEs. Small businesses typically pay more for hiring and training, for insurance and even for equipment.

To address this, the Windsor-Essex Regional Chamber of Commerce recently successfully tabled a resolution at the OCC AGM calling for immediate measures to be taken to address some of the challenges. The proposed recommendations include increasing immigration and bringing in internationally trained drivers, implementing and adjusting the driving requirements to allow new international truck drivers to fast-track their careers by considering their previous driving experience and providing financial support to smaller fleet companies to offset the high insurance costs, offer comparative wages and cover training and hiring costs.

In closing, inflation and labour shortages are impacting all sizes of businesses but especially SMEs. Supply chain disruption is adding to inflation, but it's also a result of labour shortages. We strongly believe that addressing labour shortages through prudent, long-term strategies such as the municipal nominee program. Attraction and, more importantly, retention of temporary foreign workers, international students, drivers and technicians and the development of sector-specific training and micro-credentials will result in much-needed support for the various sectors.

Thank you for the opportunity.

● (1635)

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

Colleagues, before we start the discussion, there are two things to note. We have a hard stop at 5:30 tonight, and Madam O'Born needs to leave at 5:00.

We'll start without further ado.

Madam Gray, the floor is yours.

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

Thank you to all the witnesses for being here today.

My first questions are for Mr. Ballingall, and I'd like to say happy birthday, and thank you for joining us at the committee here today.

I know you represent many different organizations within the tourism industry, and tourism small businesses have seen very significant labour shortage issues in our region.

I wonder if you could touch on how much this has been impacting small and medium-sized businesses in the Thompson-Okanagan area.

Mr. Michael J. Ballingall: The easiest way to explain that is to take, for example, our business. We would normally employ between 200 and 235 ski instructors pre-COVID and 50% of those would be on working holiday visas, whether they be from Australia, New Zealand or Europe.

We teach what is called a gap program, so we bring people from the Netherlands and the U.K. in to learn how to become ski instructors and then they're available for us to sell a ski lesson to school children, to families and to guests who visit our resort.

The pandemic cut all of that out. This year we had just over 60 instructors and we lost millions in revenue in the ski school alone. You now push that out into the restaurant industry. We had vice-presidents making beds this year. Normally we would employ over 200 housekeepers. The best we had was 44. That's at Big White.

If you go to Whistler, which is one of the biggest economic engines in the tourism industry in Canada, with millions of dollars a day in taxable revenue, they were short 4,000 employees. They're looking at being short 5,000 employees for this summer alone.

With 5.2% unemployment in Canada, these people are not readily available. What we're suggesting is to go back to the good times of 2010 when we invited people to come to work as part of the Olympic program. Those visa holders helped us support our tourism industry.

Mrs. Tracy Gray: Great. Thank you.

Is that part of the international experience Canada permit as well, meaning that one sensible and easy fix by the federal government could be to extend these or to enhance these in order to help with the labour shortages?

Mr. Michael J. Ballingall: Yes, we would recommend that they extend these past two years. It's very seldom that you'll get a ski instructor who will return for his second year once they get a level 2 or a level 3 certification. They will sell their wares, for example, to the United States or Japan or to Austria.

We're suggesting that two years would be great if there were more visas readily available, but if you double that to four to six years, you would find that there would be a lot fewer problems.

• (1640)

Mrs. Tracy Gray: Thank you.

We've heard on the other side, from a competitive point of view, reports that the ArriveCAN app is causing delays or lengthening processing times at border checkpoints. We're hearing that Canada is getting a reputation for being difficult to travel to.

Do you think Canadian tourism is missing an opportunity to be as competitive as it could be as long as these different restrictions and processes are in place?

Mr. Michael J. Ballingall: Yes, I would agree with that statement.

Canada has literally the number one tourist brand in the world, Destination Canada. And Canadians alone are known for their hospitality—and don't forget, we live in a country that has clean air, fresh water, beautiful mountains, beautiful prairie scapes, the east coast of Newfoundland and Labrador and polar bears to the north. We have something that no other country in the world has.

The easier it is to the path to purchase.... People now are selling commissioned travel holidays. The people selling those holidays will sell the quickest way they can to get the commission, no matter where the customer is going. They want to earn the money. If they

have to spend time on the telephone or on emails, suggesting how hard it is to enter Canada through the restrictions, through the apps, etc.... We have known from the last year or two years that this has definitely affected those numbers coming into Canada.

Mrs. Tracy Gray: Do you think that should be a priority of the government right now, to look at removing some of those processes to give people assurance and confidence in coming to Canada? I ask because we know that with tourism, people don't necessarily book for tomorrow, but for months out.

Mr. Michael J. Ballingall: Yes, in the real-time newscapes, look at the lineups that are happening at Pearson and Vancouver airports today. If the government officials were to meet with tourism professionals, airport professionals, we don't have all the answers but we have some of the answers. Certainly we would welcome the discussions, as we welcomed my participation to this committee today.

We have been in this business a long time. We know what a tourist will expect. We know what they will put up with, and we know what they won't put up with. Certainly the labour shortage is something that has to be fixed quickly or people are simply going to go somewhere else.

Mrs. Tracy Gray: Mr. Ballingall, I just have time for one more quick question. This study does include red tape reduction, so I was wondering if you could touch on an easy fix the government could make right now to help reduce the regulatory burden on small business.

Mr. Michael J. Ballingall: Right now the Government of Canada welcomes agricultural workers from various countries to help our agricultural sector. Simply put those practices in place immediately. We could change this within a week. We could start welcoming young people who are willing to work in Canada, some who are trained and have been here before.

I, in real time, passed Quails' Gate vineyard today, which had nine temporary foreign workers in the vineyard who were doing an excellent job. There are thousands of them in the Okanagan Valley. We need thousands of hospitality workers now. That visa would work very well for us.

The Chair: Thank you very much, Madame Gray.

We'll now move to Mr. Dong for six minutes.

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

I want to also wish Mr. Ballingall a happy birthday. Thank you for your very informative presentation.

Mr. Michael J. Ballingall: Thank you.

Mr. Han Dong: I want to dig a little deeper into your presentation with regard to the LMIA. My impression of the program is that it was designed to eliminate possible competition between domestic skilled labour and foreign skilled labour. Is that still the case, or is that still effective, given the circumstances right now, especially in your industry?

Mr. Michael J. Ballingall: I can speak intelligently to the ski instructors using this program. It's not an effective visa program at all. In the country of Canada we have approximately 25,000 certified ski instructors. Fewer than 10% of them are active ski instructors working in the field. We go to places like Australia and New Zealand and the U.K. when they're in their summer seasons. We've been training instructors down there for some 25 years. They came here on working holiday visas, where they could have multiple times in and out of the country. This worked very well for us.

When we went to the LMIA process, that particular person could only work as a ski instructor in the resorts. We couldn't use them to wait on tables, to attend carnival nights, and yet they're skilled hospitality guest service types of people. That visa program just simply didn't work for us, and a lot of the ski industry is no longer using it.

• (1645)

Mr. Han Dong: Thank you. That's good to know.

Was this a problem prior to the pandemic?

Mr. Michael J. Ballingall: Yes. When it came to the cost of a thousand dollars to pay for accommodation and airfare, it just became too restrictive.

Mr. Han Dong: Gotcha. Throughout the pandemic, and especially towards the end, would you agree that vaccination was a big part of the solution for us to taper off the number of those infected in the population and the peaks at the hospitals? Would you agree with that?

Mr. Michael J. Ballingall: We, in the company that I work for, and certainly in our industry, believe in the science of vaccinations. We believe that people visited our resorts in greater numbers because they knew everyone at the resort would be vaccinated. Everyone visiting the restaurants, they knew, would be vaccinated; therefore, the confidence to visit the area was high. We also see that after the vaccination mandates were lifted, some of the counts have gone up in some places across the country. Certainly the United States is experiencing that more than we are here in Canada, but we're coming into our heavy spring/summer season, and the numbers are not going in the right direction for us.

Mr. Han Dong: I'm actually quite worried about the tourism sector, as you are, especially when the summer is coming and it's the high season for our SMEs to make some recovery.

As far as I know with respect to the restrictions at the border, right now anybody who is vaccinated can come to Canada. There's no restriction. I believe that's the main purpose of the ArriveCAN app. Imagine if everyone at the border had to show various papers and whatnot. If they can do that before they enter, that will cut down the transition time at the border. I just want to make that clear: ArriveCAN was to filter those who are vaccinated from the unvaccinated. Would you say that's a smart move, whether or not the technical part is working out? I just want to separate the issues into the technical part and the intent.

Mr. Michael J. Ballingall: I think we would all agree that if you could get into Canada quicker using whatever technique and technical assets that you have in front of you, it would be best for all of us. We also all believe that coming to Canada as a vaccinated person would be better for all of us, but the technology is getting in the way.

Mr. Han Dong: Thank you, sir.

I want to move on to Professor Larkin.

Throughout the pandemic, we've seen reports now of large corporations like Loblaw being accused of taking advantage of inflation to increase the price across the board and drive up profits. We've seen historic profits being recorded.

Do you think that large corporations have an unfair advantage in the Canadian economy?

Dr. Yelena Larkin: Absolutely. The increase in inflation and prices has affected firms of all sizes, but I believe that large corporations can weather it much better and use their potential relative purchasing power to—

Mr. Han Dong: What do you suggest that the government can do, in terms of policy, to mitigate that problem?

Dr. Yelena Larkin: Are you asking about specifically mitigating inflation and transferring the increase in prices onto consumers or...a broader question?

Mr. Han Dong: Should we do something about the behaviour of the large corporations, their market share and historic profits?

Dr. Yelena Larkin: Absolutely. I think it feeds into this bigger picture that points to structural change and the increasing power of large corporations that needs to be somehow addressed. This is a great question, but not an easy one to answer. I believe the solution has to stem from multiple channels and through multiple avenues.

I had mentioned in my talk that revamping the Competition Act may be one way to go about it. Overall, even giving the Competition Bureau more power to prosecute cases of, let's say, price fixing or false advertising—which unfortunately still exist and are fined quite lightly—could be another way to go.

• (1650)

Mr. Han Dong: Thank you.

The Chair: Thank you, Professor Larkin.

[Translation]

Mr. Lemire, you have six minutes.

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

If I may, I will begin with Ms. O'Born, from the council of Canadian innovators, the CCI.

The CCI has presented a talent and competency management strategy, which includes 13 recommendation for talent and competency management, several of which offer specific solutions.

First of all, Ms. O'Born, can you tell us about this strategy, and in particular the recommendation about attracting talent?

[English]

Ms. Dana O'Born: Certainly. I hope it's okay that I'm going to be responding in English.

Thank you for the question. Talent attraction spans a number of issues that can help alleviate some of the shortages in Canada right now. I'll unpack a few of those recommendations. I believe everybody on the committee received a copy of our recommendations in both French and English.

Number one on attraction was to introduce a high-potential tech visa. This actually might be interesting for you, too, Michael. Happy birthday, as well.

This is the idea of giving the most in-demand professionals a path to Canada without a job offer in hand. I just want to make note of this because since the time of the writing, we've actually seen this piloted with the federal government on some of the solutions being offered now to Ukrainian nationals making their way to Canada. There is a bit of a precedent here in offering an open-ended work visa. That was one of the pieces.

We also propose the idea of launching a digital nomad strategy to make Canada a destination for increasing remote workers. Labour shortages mean a variety of things, but everybody is effectively working from home and this has actually now turned into a benefit for many workers. How do we attract some of that talent that may not be on Canadian soil?

Another is reviewing and revising the national occupation classification, which are the codes that effectively place individuals into certain categories of attraction and retention. The conversations with IRCC and ESDC have commenced, but that needs to be expanded on and accelerated.

Easing pathways to permanent residency is something that was talked about in several platforms in the previous election. We need to figure out what that actually looks like for international skilled labour coming to Canada with a guarantee that there's an opportunity to stay here longer term.

Expanding the recognition of international and alternative credentials is also something that we've talked about. Everybody learns differently now and there's a different suite of education that takes place across the globe. How do we encourage people who may not have...exactly the talent as we have identified it, but companies are looking to hire them here in Canada?

Finally, we recommend enhancing the global skills strategy immigration program. We're optimistic that with the right service standard, a targeted 48-hour visa processing time could be accomplished.

[Translation]

Mr. Sébastien Lemire: Do you think a change to the immigration program designed to broaden the pool of workers would be one way to identify talent?

Your recommendations focus on global talent and include making it easier to obtain permanent residency. Do you think that is an avenue that we should focus more on?

We hear that a lot of workers would like to be able to live here in the long term, but are not able to do that in the current framework.

[English]

Ms. Dana O'Born: It's a great question.

I will always say that there's no silver bullet for addressing this problem. Two years ago, prepandemic, the circumstances were very different. The 13 recommendations that we put forward highlight a number of issues that could alleviate the pressures that SMEs are facing right now when trying to find skilled labour.

Platform commitments should be followed through on. A commitment to easing pathways for permanent residency was a commitment made in the last election by the Liberal Party, but there needs to be a plethora of strategies approached across the board. This also includes considering what some of the provincial nominee program numbers look like in terms of expanding opportunities for provinces to designate where they feel skilled labour needs to be channelled, and to what sectors and industries.

● (1655)

[Translation]

Mr. Sébastien Lemire: You suggest an additional component in the temporary foreign workers program, a high-tech visa. This type of visa would be for high-tech workers only, but would not require a firm offer of employment.

Are other organizations in favour of this change? Has the government shown interest in your proposal thus far?

[English]

Ms. Dana O'Born: That's a great question as well. Thank you.

It's one that we've borrowed from the United Kingdom. It was circling around some public policy think tanks.

We've had some really progressive conversations with MPs of all colours, as well as with some of the folks on the government and civil service side. There is an openness to considering a strategy like this and, as I mentioned previously, there is a precedent that's being set now with what's happening with Ukrainian nationals.

I want to make sure that I'm acknowledging that the two circumstances are very different, but this idea of expanding the pool of talent and skilled labour in Canada will have great benefits for companies that are looking to fill roles and fill them quickly.

[Translation]

Mr. Sébastien Lemire: In closing, I am interested in the idea of a summit. I would note however that it would have to include the provinces since labour is under their jurisdiction.

Thank you, Ms. O'Born.

The Chair: Thank you, Mr. Lemire.

We will move on to Mr. Masse, for six minutes.

You have the floor.

[English]

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

Thank you to our witnesses.

Mr. Naidu, I'm going to go to you first with regard to labour shortages at the border and your supply chain challenges and disruptions. Maybe you can highlight a bit the challenges we faced recently with the illegal border blockade and how that affected not only large industry, but also SMEs.

How important is it to have supports at the border to get into the American market? I don't think people realize that about 38% of Canada's trade goes through two kilometres in Windsor.

Mr. Rakesh Naidu: Thank you, MP Masse. It's great to see you here. Thanks for the question.

This supply chain is a very evolved, complex and highly integrated supply chain that we have in North America, specifically when it comes to the automotive industry. This has been built over a hundred years of work between collaborators, between companies that stretch on both sides of the border, between states and between provinces. This is not something that's been built overnight.

The importance of it was very clearly highlighted during the blockade we had. Every day, half a billion dollars' worth of goods crosses the Windsor-Essex border. For the goods crossing the bridge that was blocked, it's about \$350 million. This blockade put at risk not just the companies in the Windsor-Essex region but also the companies on both sides of the border, businesses that supply to auto assembly operations not just in Canada but also in the U.S. and in many cases also outside of the North American continent.

The blockade was a major issue not just because of what it did for the current operations and the assembly operations, many of which were idled. There was also the message it was sending to our partners across the border, that if this were to continue, or if this were to happen again, it would be a time for them to look at sourcing some of the components locally and not really rely on Canadian businesses and Canadian supply chain partners. Hence, the risk was significantly more than just what the blockade resulted in, which was the immediate ceasing of operations at some of the assembly operations.

In terms of the supply chain, it is a well-known fact that a product before it's fully assembled in one of the assembly operations on

either side of the border has travelled seven times between the border. That's the level of integration. There are many manufacturing companies on this side in Canada in the Windsor-Essex region and many on the other side. They collaborate and the parts get assembled. They get processed and then finally assembled in the vehicle assembly operations.

This is a very evolved supply chain. It justifies the amount of effort that goes into keeping the border open and ensuring that the Canadian economy is never put at risk. It's something that we're very proud Windsor-Essex plays an extremely important role in.

• (1700)

Mr. Brian Masse: As well in our area, international students play a vital role, not only at our colleges and universities but also across this country. We've already heard testimony from a number of different witnesses about the challenge, and I guess the lack of progress, to get those individuals who are interested in remaining Canadian citizens into our labour market. Do you have any thoughts about that?

Mr. Rakesh Naidu: We have about 640,000 international students studying in Canada. Ontario attracts a significant number of them. Windsor-Essex is fortunate to have two great educational institutions that attract a huge number of international students.

While we do a great job of attracting them, we do a very poor job of retaining them. We make it very difficult for those who are here to find jobs. There are a limited number of hours that they can work. They have limited avenues to work. There are many other constraints. We also make it very difficult for them to find a path to residency. We basically force them to work for someone else, even though they may have an entrepreneurial streak in them and even though they may have the wherewithal and the means to start their business. We actually negate all of that and force them to work for someone else.

In the process, many regions like Windsor-Essex lose these students, because they tend to get jobs in larger metropolitan areas. We don't just lose them to employers and that; we lose them forever. That's the unfortunate part. A region like Windsor-Essex, which is having a huge demand for workers, doesn't end up benefiting at all, even though we attract quite a lot of students here.

Mr. Brian Masse: There's been a noticeable trend with that, as even some of our traditional Canadians here are also being poached internationally. Some are working remotely, and there are other types of opportunities. It would seem that we need to have a counterstrategy to deal with that.

Do you have any thoughts on how the government can help with that or whether we should be looking at a counterstrategy? What I'm hearing from a lot of employers right now is that they're looking at other areas, more than ever before, including Canadians who could work from Canada but be employed internationally.

Mr. Rakesh Naidu: Yes, that's a great point.

Dana actually touched a bit upon this in terms of the digital nomad strategy, which is very important.

There's a growing number of gig workers in Canada, and I don't think we've created an environment in which they can actually be gainfully employed or that they can find an environment in which they can really carry out their business or their work in a place where they get paid fairly and have a good work experience. This is something that needs to be addressed. Plus there are a lot of employees here in Windsor-Essex who have moved to this region post-pandemic because it's still a great place in terms of cost of living. They don't work in the Windsor-Essex area; they work across the border; they work in Toronto, and they work in other places, as far away as California.

We need to find a way to retain them and to attract more. The provinces and the states on the other side of the border are also doing their best to lure them.

So, yes, we need to have a strategy on how to retain them and create an environment that better suits them. We also need to find a way to bring the right kind of people and match the needs of the employers to the people who are coming in. One of the ways to do that is through the municipal nominee program that my chamber of commerce is spearheading here. That would be a very laser-focused approach to identifying the needs locally and filling the demands locally, rather than that being dealt with at the federal level where it could be hit and miss.

Those are some of the opportunities that I think we have not leveraged.

Then finally there are the temporary foreign workers. Again, we do a good job of bringing them here but the path to residency is very difficult for them. We end up not retaining a lot of them, and I think they have a lot of challenges while they're here in Canada.

The Chair: Thank you very much, Mr. Naidu and Mr. Masse.

We'll move to MP Kram for five minutes.

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

Thank you to all the witnesses for joining us today.

Mr. Boquist, from the Driving Change Automotive Group, you spoke about supply chain issues being a problem for your business. I can understand the supply chain issues that arose in the spring of 2020 at the beginning of the pandemic, but why are we seeing these problems lingering, and can you expand a little bit on that for us, please?

Mr. Trevor Boquist: Well, certainly computer chips seem to be the biggest challenge from a new vehicle stock and supply perspective. Today vehicles require many chips for all of the functions within an automobile, and those chips are in very short supply for many reasons, including where they're produced and the fact that one of the factories burnt down.

In North America we've been slow at being able to source that stuff here, and so we rely on other areas of the world for everything, and so that has dramatically slowed down the production of

new vehicles. Today I received word that Ford Motor Company would be idling more plants starting on Monday.

So those things really impact us, and then the other side of that is parts. Parts are sourced, again, throughout the world and those parts roll in.

We saw a bit of a slowdown in accidents amongst vehicles when people stayed home for 90 days and didn't go anywhere, but as people have gone back to driving, those things have resumed, and so we're seeing a big impact in the auto collision sector in which we're unable to get parts to do repairs.

As you know, we're also seeing an impact on being able to get parts to repair and do servicing and things. That impacts companies. It impacts individuals when they're not able to get the vehicles repaired in a timely fashion or to put them back to work or to use them in their personal lives. So it's caused significant issues within the daily lives of Canadians and certainly within our industry.

• (1705)

Mr. Michael Kram: Okay. Thank you very much, Mr. Boquist.

Mr. Chair, I'd like to share my time with Monsieur Généreux, so I'll hand things over to him.

[*Translation*]

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

I would like to thank all the witnesses.

Mr. Ballingall, my brother Luc says hello and wishes you a happy birthday. He worked at your ski centre for seven years and my sister has a chalet there. I really understand what you are saying.

Two weeks ago, I went to Banff and Jasper and met some young people who had been there for two years. They were from Australia and elsewhere, from other countries and Canadian provinces. Younger people are of course more inclined to travel and more likely to work in situations like that or in western Canada. In contrast to what the industry said, they said it was relatively easy to get work permits with two-year temporary visas to come and work in the industry.

Would you agree that we should look at the possibility of increasing the duration beyond two years so they could stay longer?

[*English*]

Mr. Michael J. Ballingall: Hello. Thank you for your good wishes.

Hello to your brother as well. He's an outstanding service professional at our resort, to say the least. I know he's enjoying his time back in Quebec and on the farm.

I am proof of what a 10-year visa process can do for a family. I went over to Australia as an instructor on a working holiday visa, and I grew to like it so much that I increased my credentials, went back and forth for a number of years and became a permanent resident of Australia. I met my wife there and had two kids there. When the family that owned the Big White Ski Resort became Canadians, the father retired and the son took over, and he invited me to come back in 1995.

Since that time, visa workers and young people on working holidays only have two years with us. They used to have a longer period of time. With Canada being what it is, they worked in the mountains, they worked in Ontario and they worked in the sugar shacks of Quebec. They travelled around the country, because they had a visa that could take them back and forth. They fell in love and, whether they moved to their home country or stayed here, there are thousands of examples of this.

When you only have a two-year restriction, the visa holder still wants to travel. They're not going to stay in your sector or with your company—in our case—for more than one season. They're going to move on and go to our competitors and competitor companies, take that great training from Canada that the Canadian industry is known for and use it to benefit that other country.

I agree with your comment. I don't 100% agree with the people who you ran into. It was terrible to get a visa to come to work in Canada up until six weeks ago. It took anywhere between three and four months, and was sometimes as much as eight months. We simply missed the opportunity for the last two years; when people could travel, they couldn't get their visa in time to make their entry. Now it's getting better.

We understand what's going on in Afghanistan. We understand what's going on in Ukraine. We understand that the immigration department is overloaded and that it takes people to process these things. What we're saying is that you have a respected industry that is with you on this that knows the process. Give us a chance to help you process. We think, with the extension of the visas and the visa time allotments, we could help solve this crisis immediately.

• (1710)

The Chair: Thank you, Mr. Ballingall.

[*Translation*]

Unfortunately, your time is up.

Mr. Gaheer has the floor for five minutes.

[*English*]

Mr. Iqwinder Gaheer (Mississauga—Malton, Lib.): Thank you, Chair.

Thank you to all the witnesses for making the time today.

My first question is for Mr. Kotak. Thank you for making time for the committee. You spoke about social media and cybersecurity. I come from a family that also owns a small business. It didn't utilize social media, but it kept a lot of its information online—actually, it was all of the data, like sales and purchasing. One of my family members is computer savvy, so he was able to protect that data.

What options do small businesses have in relation to the data that they keep online, and cybersecurity in general?

Mr. Ritesh Kotak: That's a very interesting question, because we have to first understand what type of data is generated by these businesses.

Let's look at a business as a whole. Most of us might think of social media or we might think of online sales, but it's a lot more than that. You have employee records, you have information relating to your intellectual property, you have documents and you have finance-related information. If you're in the health care sector, you have health-related information. All of that information has to be stored somewhere, and the big issue, especially when it comes to small businesses, is whether they have adequate protections in place or whether they are aware of adequate protections to ensure that customer, employee and financial data are being protected and secured.

The best way to think about this is that it's not just a check box exercise, and this is what adds to the layers of complexity. I like to use this example. All of us have smart phones and we go into the app store, whether it's the Google Play store or the App Store on the iPhone, and you get the updates for all of these apps. You think to yourself, are these new features? No, nine times out of 10, they're security updates.

It goes to show that it's such a dynamic situation, and if you don't stay up to date, you're vulnerable. Security, cybersecurity in particular, cannot be a check box exercise. It must be continual and, in order for it to be continual, it requires investment.

Mr. Iqwinder Gaheer: Thank you.

You mentioned a small business hub. What role could that play in cybersecurity?

Mr. Ritesh Kotak: Think about the red tape and the complexities that small business owners have to go through. Let's just take an independent farm. I was surprised to know that there are over 1,000 registered independent farms in the Ottawa region alone. These farms produce products. They might, for example, grow their own berries and make jam. This jam now need to be sold somewhere. It's not as simple as just taking an item and putting it online or going and selling it. There's a lot of complexity. For example, there are labelling-related issues, business registration, insurance and shipping.

I think we've all gone through this. We go to purchase something online and when we get to the checkout, it says that shipping is now \$30 or \$40 and so we exit the shopping cart. In comparison, when you get to a checkout at a big box organization, there will be free shipping or it's five dollars. How can small businesses actually compete?

This is where I think the small business hub becomes essential. It becomes a one-stop shop where small businesses and entrepreneurs can actually go and access experts, whether it be the Canadian Food Inspection Agency on labelling requirements, Canada Post on shipping requirements or other public-private partnership organizations that are there to help small businesses succeed, instead of what it is right now. Right now it is a reactive enforcement model, compared to a proactive support model.

I think that's where that small business hub becomes extremely important.

• (1715)

Mr. Iqwinder Gaheer: Thank you.

Mr. Chair, do I have time?

The Chair: You're almost out. You have 30 seconds.

Mr. Iqwinder Gaheer: Thank you.

The Chair: Thank you very much.

[*Translation*]

Mr. Lemire has the floor now for two and a half minutes.

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

My question is for Mr. Boquist and pertains to regulated markets.

Allow me to quote Daniel Breton, from Electric Mobility Canada:

If you look at the way things are unfolding around the world, the main markets for electric vehicle sales are regulated markets.

Canada is unregulated, and in the third quarter of 2021, the percentage of sales of fully electric or plug-in hybrid vehicles was 5.4%.

Let's look at the sales of electric vehicles in November or December in Europe and China. In China, the percentage was about 20%, in Germany it was over 30% and in Norway it was 90%.

In all countries with a regulated electric vehicle market, there has been an increase in electric vehicles. Have car dealerships looked at the ecosystem in which the market is developing, a very lucrative market? Will they pressure the government to impose additional regulations and offer more subsidies to enable you to increase your productivity among dealerships?

[*English*]

Mr. Trevor Boquist: I'm not sure I fully understand your question. I believe you're saying that Canada should regulate electric vehicle sales and that would lead to a higher adoption.

Is that what you are basically saying?

[*Translation*]

Mr. Sébastien Lemire: Yes. The situation in California is an eloquent example. The more generous countries are in terms of programs to encourage consumers to buy electric vehicles, the greater the supply and availability of electric vehicles. California does not have to go looking for electric vehicles much because dealerships are receiving huge shipments of them. That is not the case in Quebec where there is a shortage of them, such as the hybrid Toyota RAV4 and others. You are no doubt more familiar with this than I am.

In your opinion, could this approach make Canada more open than it is now, either by regulating or offering attractive tax credits?

[*English*]

Mr. Trevor Boquist: I think many things influence that. You have higher adoption rate in places where the weather, the availability and all those things play into it. Certainly cities across Canada, such as Montreal, Toronto, Vancouver and maybe Calgary would have higher adoption.

I think one thing we have to be very aware of is that the technology needs to significantly increase for countries like ours, where we have a significantly colder climate. You have range anxiety around those things. You also have the charging network. Canada is a big country. When you look at the number of people who live in California, which is really the whole country in an area significantly smaller than our country, I think you're going to have a higher adoption in a lot of different places.

I suspect that you will see adoption sort itself out as technology increases, as the infrastructure gets in place for charging and all those kinds of things. I think those things are a ways away of actually fulfilling the requirements that will be necessary.

Therefore, I'm not in favour of more regulation on anything. I think our country has a lot of regulation already. I don't think it needs any more.

[*Translation*]

Mr. Sébastien Lemire: Thank you.

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.

Mr. Boquist, the Driving Change Automotive Group is just your four Ford dealerships. Is that correct?

Mr. Trevor Boquist: Yes. I have four dealerships in Manitoba and Saskatchewan.

Mr. Brian Masse: I actually drive a Ford Bronco, but I'm also the author of the original CASIS agreement, the voluntary agreement that was put in place over 12 years ago. The U.S. Federal Trade Commission is making the right to repair a priority. I've talked with OEMs who understand that the current situation needs to be updated, because digital software and ZEVs were not part of the original discussion. As well, your former Canadian CEO, David Mondragon, was key, in fact, because Ford was not treating Canadian customers the same as American customers.

Is it your position that the current agreement, which is 12 years old, is sufficient, whereas everyone else is understanding that it needs some type of modernization? The Liberals have a bill on it. The Conservatives have a bill on it. I have an automotive bill on it. I'm just wondering where you're landing on that, because that doesn't seem to be the trend.

• (1720)

Mr. Trevor Boquist: I would say that probably our CADA would be able to give you a more thorough explanation around that.

We believe it does need to be modernized. It does need to be updated. We just don't think we need to have a whole new piece created. We think what's there has some good bones. It just needs to be updated for the current climate that we find ourselves in.

Mr. Brian Masse: Yes, because there are some that don't even opt in. It's not mandatory. For example, Tesla is not even participating in the current agreement, and we have some others. This is a major problem. It's a major issue.

Thank you very much for your testimony today.

Mr. Trevor Boquist: Thanks.

[*Translation*]

The Chair: Thank you, Mr. Masse.

Mr. Deltell, you have five minutes.

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

Hello, dear colleagues

Ladies and gentlemen, I am very pleased to see you here.

[*English*]

Mr. Kotak, I would like to start with you. You talked about having a proactive support model and being more proactive in supporting our businesses to address the reality today. Do you have any ideas on that? You said at the end of your comments that you had some suggestions on how to be proactive. What would you like to say to us on that?

Mr. Ritesh Kotak: Thank you so much for your question.

Just as I answered in the last question, I think we just have to make it easier, a one-stop shop, for small businesses to meet the regulatory and compliance requirements. Is it fair for a small business owner to really understand the complexities around doing business and being competitive?

What are some of those complexities? There's labelling, for example, as I mentioned earlier. It is very difficult to really understand all the nuances when it comes to labelling. I was looking for a bottle of something I could show so that you could see all the markings, clearly in English and French, but also something as small as the bar code on it as well. There's also the size of the bar code and the registration of the bar code. The first five or six digits are actually registered. Then you have the product number. There's the way the ingredients are listed. Is it a primary or a secondary ingredient? There are so many things and nuances there.

One of the suggestions would be this. I am a small business owner. I want to get a product to market. I have this great idea for jam, tea or whatever food item I've created. I should be able to get the support that I need without having to do what the current situation is, which is to leverage tens of thousands of dollars in consulting fees to only get some suggestions, create that label, and then present that product to the market.

The challenge is when you try to be proactive—I personally have dealt with this—and call the CFIA and say, “I have this product. I have this label. I need some advice.” There's no mechanism set up to provide that advice. It is, “Sorry. We will only provide it if there

is a complaint or some enforcement that needs to be taken.” By that time, you've created all these labels, you've created all these products, you have the product in the market, and now you're looking at a recall and potential enforcement.

With the small business hub, essentially, if we had the resources there, you'd be able to get that advice right then and there. In addition to that, you'd be able to get advice on setting up your business and on being more competitive and networking with other local businesses as well.

The others issue is around shipping. I think Canada Post, for example, should have a stake in the small business hub. The reason for this is that if I want to get a product from Ottawa to Mr. Ballingall in the Okanagan Valley, we know that it will be extremely expensive—we all know that—if we go to Canada Post to ship it. Should that be the case? Should we not have small business shipping credits, for example, that could be tied right into that business from Canada Post? Now I have *x* thousands of dollars that I can apply. Now I can compete. I won't get the preferred rate if I don't have volume. I'm not going to have volume if I'm going to charge somebody \$40 for shipping that widget across the country.

There has to be a better way. I think the better way is that if we amalgamate some of these resources to provide that support, we will be able to go from zero to 100 a lot faster.

Thank you. I hope that answers your question.

• (1725)

[*Translation*]

The Chair: You have a minute left.

[*English*]

Mr. Gérard Deltell: I will only say that if you want to send something to Mr. Ballingall in B.C., it will be a good gift for his birthday.

Thank you.

[*Translation*]

The Chair: Thank you very much.

On that note, I will now give the floor to Mr. Erskine-Smith, to begin the final round of questions.

Mr. Erskine-Smith, you have the floor.

[*English*]

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

Professor Larkin, I really appreciate your remarks. Just so that this is clear to me, with regard to the concentration of market power and the efficiencies defence, for example, in the Competition Act, is it your view that when the competition commissioner looks at the efficiencies defence, as an example, they aren't taking into account the longer-term challenges to efficiencies for the economy writ large as this relate to market concentration?

Dr. Yelena Larkin: I believe that the existing focus on efficiency is a bit weird because, first of all, when you think about efficiency gains, they apply first and foremost to the company owners or the shareholders and, if anything, these gains might hurt consumers and perhaps lead to some employment cuts, so there may be some negative consequences as a result.

Another aspect that I find problematic is that when you consider this trade-off between efficiency gains and potential losses that increases market power, the efficiency gains typically are the ones that are easy to quantify because, essentially, if you are a company that proposes a merger and as a part of the merger you can reduce some duplicate operations, you have the numbers right in front of you on how much you're going to save and you're going to save it relatively in the short term, as opposed to its being much more difficult to quantify the long-term implications for consumers, to the labour force, and so on. Also, as you correctly mentioned, they happen in the longer term, so—

Mr. Nathaniel Erskine-Smith: Exactly. In your remarks, it may be that there are efficiencies from, in some cases, reducing staff and avoiding duplicate IT systems or otherwise—

Dr. Yelena Larkin: Right.

Mr. Nathaniel Erskine-Smith: —but in the longer term, you've suggested that more concentration may mean more profitability for the existing players—but certainly less R and D, and ultimately Canadian consumers are likely worse off as a result.

Dr. Yelena Larkin: Correct. Essentially, what ends up happening is that even an efficient merger is not a guarantee that the merged entity will not exercise its market power in the long term. In fact, both can happen.

Mr. Nathaniel Erskine-Smith: With respect to that market power, when we see a country like Canada, which strikes me as a country of oligopolies, we see in the telecommunications space, in the banking space, in the grocery space industries that are more like monopolies, as well as in the cinema space. If you go through sector by sector, we have high concentrations. You've identified the Competition Act reform as a serious answer to that, and I think in your paper you show that it's not only weak antitrust in the United States, but also weak antitrust in Canada that's led to concentration in both jurisdictions.

When you identified additional strategies to lower barriers to entry, can you speak more specifically to what we can recommend to reduce some of those barriers to entry, and is it sector-specific?

Dr. Yelena Larkin: I think additional barriers to entry can relate to anything that reduces the burden on the small firms, because if

you think about regulation, if you think about even the current environment of increasing inflationary pressures and labour shortages, all of that affects small corporations and small firms disproportionately more than larger firms. So I think everything that can correct this bias can help small businesses and, in the long term, economic growth.

Mr. Nathaniel Erskine-Smith: Based on your analysis, it strikes me that a highly concentrated industry like telecommunications becoming even more concentrated would probably be a bad idea.

Dr. Yelena Larkin: Overall, yes. More analysis is needed to figure out why exactly this happens, but overall, yes, a concentrated telecom industry that also controls infrastructure and potentially maybe also controls some information can create barriers to entry for others.

Mr. Nathaniel Erskine-Smith: My last question is in relation to the comparisons between the United States and Canada. I understand from your research that there are increasing levels of concentration over the last two decades in both jurisdictions, but we also see in the United States significantly higher business expenditures on R and D. Do you have anything that might explain why, despite high levels of concentration in both jurisdictions, there's such a significant productivity lag in the Canadian context?

• (1730)

Dr. Yelena Larkin: That is a good question.

First of all, I want to mention that even in the U.S., despite the overall increasing R and D, when you detrend this information, you still see that there has been a decline in investment in both tangible assets and R and D. Unfortunately, Canada has been lagging behind on the technological aspects. I don't have a good answer as to why this might happen, but definitely the current environment does not help it, because the increase in the gap between the leaders and the laggards prevents knowledge dissemination, technological dissemination, and can essentially make the situation much worse.

Mr. Nathaniel Erskine-Smith: Thanks very much for your time.

[*Translation*]

The Chair: Thank you very much.

I want to thank all the witnesses for being here today. It has been very interesting. I think your evidence will lead to some good recommendations. Thank you.

And once again, a very happy birthday to Mr. Ballingall.

The meeting is adjourned.

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