



Clean the Ice: A National Competition Agenda For Economic Growth

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This study was commissioned by the Centre for Civic Engagement. The CCE is a non-partisan Canadian charity dedicated to conducting original research on public policy issues related to Canadian prosperity, productivity, and national flourishing. The CCE's research informs an active program of policy seminars, events, conferences, and lectures all aimed at providing the policy making community with actionable insights that encourage informed decision making on issues that matter to Canadians.

Executive Summary

Removing barriers to competition across the economy would drive strong, sustainable and inclusive growth while maintaining fiscal discipline. This paper recommends that federal, provincial and territorial governments come together to agree on a 10-year pro-competitive reform agenda. The agenda would be based on three pillars: 1) a systematic review of regulations through a competition lens based on agreed timelines and review parameters; 2) an opt-in federal transfer scheme to incentivize delivery of provincial/territorial reforms; and 3) a dedicated accountability unit to monitor and report on outcomes. The initiative would leverage existing institutions, and transfers would be tied to anticipated federal revenue gains from qualifying reforms, ensuring fiscal responsibility. This proposal targets the biggest drag on productivity in Canada, offers a practical path to overcoming inertia, and draws on models that have succeeded abroad. It would work here, too.

Isn't it amazing what you can accomplish
When you don't let the nation get in your way?
Not one ambition whisperin' over
your shoulder
Isn't it amazing, you can do anything?

- The Tragically Hip / "Fireworks"

Cue the Hockey Analogy

Anyone who's ever laced up skates on an outdoor rink knows the difference between a clean sheet of ice and one covered in ruts and snow. One environment brings out our best; the other our clumsiest.

Canada's regulatory environment is like a big community rink. When it's well maintained, it creates a safe, open arena where creativity and fair play can flourish. When it's not, the pace of play slows and a more cautious game emerges – one that favours players that know where the cracks are and how to navigate them.

Sometimes a few laps with a shovel is all it takes to get a rink running smoothly again. Other times, it takes a good overnight flooding to restore a level playing field. After decades of accumulated friction, Canada's regulatory environment needs to be resurfaced.

Our economy is struggling. But if all levels of government can come together to clean the ice, competition and business dynamism will thrive and our economy will grow. If we can't do that, unfortunately, our performance will continue to drag.

This proposal explains why it's so important that we work together to get our regulatory environment in order and how we can do that over the next decade. No other policy reform can deliver the sustained growth that competition can, and at such little cost.

It's amazing what we can accomplish when we work together as a nation to clear the way.

Problem: Barriers to Competition are Holding Us Back

A recent [study published by StatCan](#) found that federal regulatory burden increased by 37% between 2006 and 2021, a rise linked to weaker business dynamism and slower growth in GDP, jobs, and business investment.

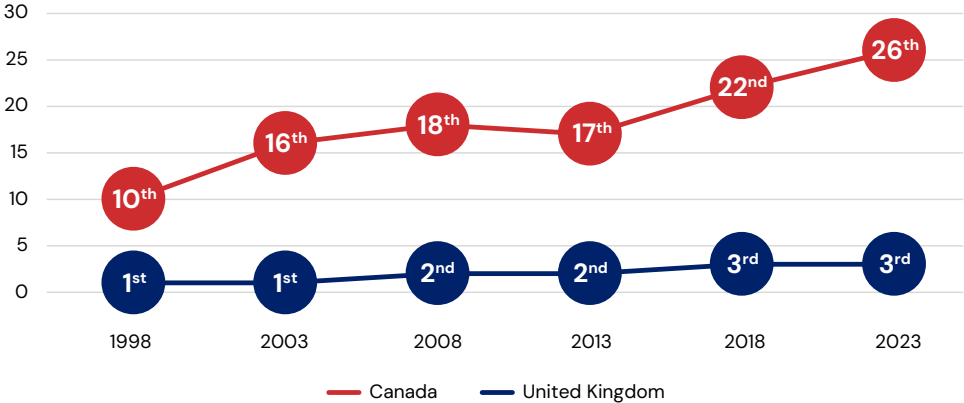
And that's just federal regulation. Based on [data from QuantGov](#), in 2021, there were roughly 90,000 regulatory restrictions at the federal level compared to some 400,000 spanning our provinces and territories. That level of regulatory accumulation has a cost.

The CFIB's latest [Red Tape Report](#) estimates that the average business spent 32 days wrestling with red tape in 2024, equivalent to 137,000 full-time jobs and \$17.9 billion in costs across the economy. Further, most small business owners (87%) said that excessive regulation was hindering their productivity and growth. Two-thirds (68%) said they wouldn't recommend entrepreneurship to the next generation — a troubling statistic considering that entrepreneurship rates have already [fallen by more than half over the past 20 years](#).

Regulation plays an essential role in addressing market failures and protecting our health, safety, and other public interests. We need regulation. But *how* we regulate matters. With care, rules can be designed to meet their goals without stifling competition and innovation. The main problem is that we haven't been good at regulating in a competition-friendly way.

Economists at Finance Canada [cite](#) the OECD's Product Market Regulation indicators as the best available measure for comparing regulatory competitiveness across countries. In 1998, Canada's regulatory environment ranked the 10th most competition-friendly in the OECD (**Fig. 1**). By 2023, we had slipped to 26th, while peers like the UK held their ground.

Figure 1: OECD Product Market Regulation Rankings, 1998-2023



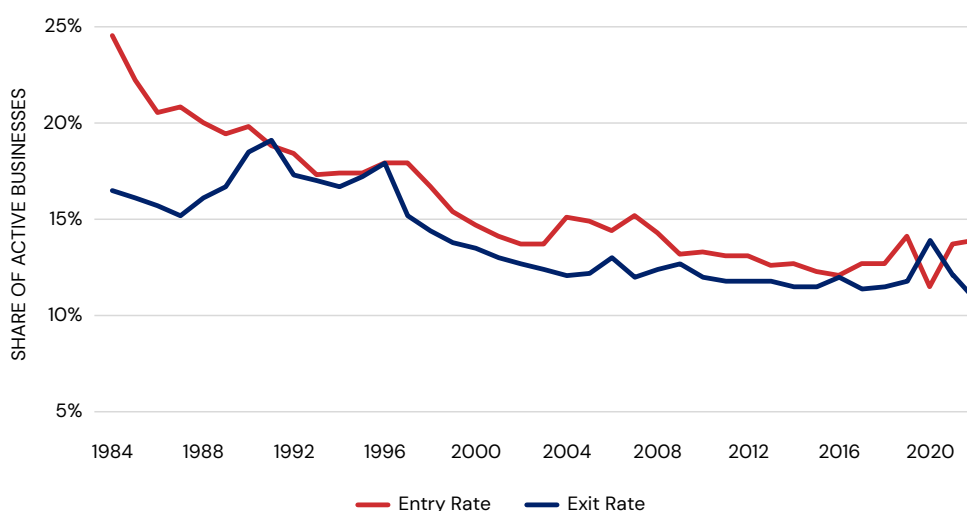
Source: Author's calculations based on [OECD PMR Indicators](#).

A closer look at these indicators shows that Canada lags badly on cross-cutting areas of regulation like administrative burden (32nd), licensing (36th), foreign investment openness (40th), public procurement (39th), and governance of state-owned enterprises (40th).

Moreover, anti-competitive regulation persists in sectors that provide key inputs to the rest of the economy – professional services, energy, transportation, and telecom to name a few.

All of this is weighing on competition and business dynamism. Business entry and exit rates have roughly halved over the past 40 years (**Fig. 2**), while related measures like [rank stability have increased](#), suggesting that the largest firms are less and less challenged by new players. Indeed, Canada has an exceptionally high share of older firms by international standards – our 20 largest public companies by market cap have an [average founding year of 1916](#), a list consisting largely of banks, rail and resource companies.

Figure 2: Average Business Entry and Exit Rates, 1984-2022



Source: Author's chart based on [Macdonald \(2014\)](#) and StatCan [Table 33-10-0164-01](#)

Stability is fine and well, but innovation and creative destruction are critical for long-term growth and that [tends to come from new players](#). A [study published by StatCan](#) last year found that declining entry rates accounted for 30% of the drop in investment per worker since 2006, a leading cause of Canada's weak productivity performance.

This should not be surprising. The data tells us that Canadian firms are [better managed](#), [more innovative](#), and more likely to [adopt new technologies and processes](#) when exposed to greater competition. And this bears out in case studies ranging from [iron ore](#) to [Icewine](#).

In its most recent [Economic Survey of Canada](#), the OECD concluded that "much of the evidence on what drives Canada's shortfalls in productivity growth points to a need for greater competition and business dynamism", adding that, "Canada's natural disadvantage in having dispersed and relatively small markets has to be countered by making sure regulatory barriers are as low as possible."

The Senior Deputy Governor of the Bank of Canada made a similar observation in her widely-cited [“break the glass” speech](#) last year, identifying competition as the “biggest concern” from the point of view of improving productivity, noting that “Canada’s economy features many sectors where companies face limited levels of competition, whether from firms in other provinces, foreign rivals or new entrants.”

The potential gains from pro-competitive regulatory reform are enormous. Studies suggest that [liberalizing internal trade barriers](#) could boost per capita GDP by 4–8%, [easing foreign investment restrictions](#) could provide a 2–5% lift, and [reducing barriers in professional services](#) could grow the economy by an eye-watering 4.5%. Retail payment reform alone could unlock [\\$7 billion in efficiency gains](#), and there is no shortage of research on the benefits of [agricultural policy reform](#). Even if some of these estimates overlap or prove optimistic, the benefits of broad-based competition reform are unquestionably large.

While some structural reforms may not be politically feasible, partial progress would still generate significant benefits at minimal cost, if we stack them. The solution lies in thinking about this not as a series of incremental reforms or quick wins – a few lops with a shovel – but as a comprehensive ‘big bang’ exercise.

The evidence above points to strong path dependence in our regulatory system. Whether because of rent seeking, collective action problems, or plain old bureaucratic inertia, our regulatory ruts keep getting deeper. This is an equilibrium that can only be disrupted by a sustained and coordinated effort within and across levels of government.

Solution: A National Competition Agenda

To boost competitive intensity and unlock growth, Canada should adopt a national competition agenda. Taking inspiration from [Australia's National Competition Policy](#), this would be a coordinated 10-year agreement between federal, provincial and territorial governments to systematically identify and reduce regulatory barriers across the economy.

The agenda would rest on three mutually-reinforcing pillars.

Pillar 1. National stock review of regulations with a competition lens

Governments at all levels would commit to a structured review of laws, regulations, and policies that affect competition. These reviews would be guided by agreed criteria and timing, and would prioritize high-impact sectors.

For example, the federal government could prioritize reforms that increase competition in network sectors where it has regulatory responsibility like transportation, telecom, and banking. It could also modernize consumer privacy laws to enable data portability and interoperability, an important step to easing switching costs across a range of industries.

Provincial and territorial governments could, for their part, review occupational licensing restrictions, barriers to labour mobility (including [non-competes](#)), procurement policies, and outstanding internal trade barriers, among other things.

The review and reform process would proceed in tranches following a schedule. Each review would identify regulatory barriers to competition, assess their rationale, and implement pro-competitive reforms where appropriate.

The goal would not be to deregulate indiscriminately, but to modernize outdated or overly restrictive rules, eliminate duplication, and balance public interest objectives with the need for more competitive and dynamic markets. In addition, all levels of government could commit to competition assessments of new regulations on a go-forward basis [consistent with international best practice](#) – a long overdue move.

Australia undertook such an exercise through its National Competition Policy in the 1990s, scrubbing some 1,800 laws, and introducing pro-competitive reforms credited with permanently boosting GDP by 2.5%, representing ["one of the most significant economic reforms in Australian history."](#) The policy was so successful that the Aussie's have [revitalized it](#), targeting gains of a similar magnitude over the next 10 years, once again, working across levels of government. There is no reason why this can't work in Canada, too.

Pillar 2. Opt-in federal transfer scheme to incentivize reform

Provinces and territories face a fiscal imbalance when implementing pro-competitive reforms: they bear most of the costs but realize only a fraction of the resulting fiscal and economic gains. Because federal tax revenues rise more sharply with economic growth, the federal government actually captures a disproportionate share of the benefit.

Given that many regulatory barriers to competition fall under provincial jurisdiction, sustained progress requires better alignment of incentives. A targeted, time-limited federal transfer program would help correct this imbalance by providing payments to provinces and territories conditional on successful delivery of pro-competitive reforms.

Importantly, these transfers would be financed out of anticipated increases in federal revenue arising from higher economic growth. Provinces would be rewarded for enacting politically difficult but economically beneficial reforms, while Ottawa would gain from stronger tax bases and reduced structural deficits.

This was a key component of Australia's National Competition Policy, which [paid out roughly A\\$5.7 billion](#) to states and territories that successfully delivered on identified reform commitments (roughly A\$10 billion in today's dollars). For a program credited with boosting Australia's economy by A\$50 billion per year, this was clearly good value for money. Government officials [report](#) that "[t]he prospect of receiving substantial competition payments was clearly a factor driving states and territories to persevere with difficult reforms." Others have heralded it as an ["unparalleled example of cooperative federalism"](#), identifying transfer payments as critical to the program's success.

It is also not a new idea in Canada. Economists have recommended a federal transfer scheme to overcome inertia on internal trade liberalization. The Conservatives pledged a Free Trade Bonus during the last federal election, and the [2024 Fall Economic Statement](#) under the then Trudeau government hinted at a similar scheme. There is no reason this thinking couldn't be broadened to include a wider range of pro-competitive reforms.

A key advantage of this framework is that it is both voluntary and scalable. Governments could set ambitious goals backed by a generous fund, but payouts would be conditional on delivery. Provinces and territories would have flexibility in how they use the transfers—whether to offset the costs of the policy and regulatory work needed to deliver the qualifying reforms, to support affected groups, or to address other budget priorities.

Clearly, appropriate modeling would be required to calibrate the transfers to the reforms, but if this work could be done by Australian economists in the 1990s there is no reason why it can't be done by Canadian economists in the 2020s.

Pillar 3. Dedicated accountability unit to coordinate and track outcomes

The last element is a transparency and accountability mechanism. In 2008, the Competition Policy Review Panel [recommended](#) that Canada institutionalize regulatory reform by tasking it to senior economic ministers in government, and creating an independent body to ensure sustained progress. These recommendations were never taken up, which the Business Council of Canada [later called](#) a "missed opportunity".

An independent team housed within an existing central agency or intergovernmental body like the Council of the Federation could provide analytical support, track progress, and publish regular updates on execution of this agenda. This would help align intergovernmental engagement, and ensure the reform agenda remains focused and sustained over the 10-year horizon.

This unit could also liaise with external experts — including economists, business leaders, and the Competition Bureau — to help prioritize high-impact reforms, quantify their benefits, and support their implementation.

Why This Would Work

In 2018, after months of industry–government collaboration examining barriers to innovation and long-term growth, Canada’s Economic Strategy Tables [concluded](#): “Regulations are priority number one, two, three and four. If we don’t fix our regulatory issues, none of the rest matters.”

This proposal tackles that problem head-on, and in a fiscally-disciplined way, relying on coordination, transparency, and targeted incentives. It empowers governments to act in the national interest while preserving jurisdictional autonomy. It builds on a proven international model. And it sends a clear message that Canada is serious about restoring the competitive conditions that will underpin long-term prosperity.

Further, while this proposal emphasizes growth benefits, studies show that pro-competitive reforms generally lead to lower prices for consumers (see [here](#) at Annex 2, and [here](#) at Table 4). Given that the cost of living is the single biggest concern on the minds of Canadians, this is important. Competition drives strong, inclusive growth, making life more affordable. Canadians desperately [want to see more competition](#).

The approach also leverages existing momentum. Provinces such as Alberta and Ontario and Nova Scotia are already pursuing red tape reduction and regulatory modernization. The federal government has updated Canada’s competition laws, has shown leadership in promoting internal trade liberalization and in streamlining regulatory approvals, and has recently pledged to be “hawkish on competition” with “all parts of the government” involved. This proposal offers a structure to expand these efforts to achieve deeper pro-competitive, pro-growth reforms across the economy.

Further, the risks of this proposal are manageable. Opposition from affected sectors will be at least partially diffused by bundling reforms. And recent progress on internal trade liberalization shows that groups historically resistant to change can become more open when reforms are framed as part of a shared national effort. Giving provincial finance ministries a financial stake in the reform process should also provide healthy discipline.

Obviously important details would need to be worked out, and will be a function of the ambition level that governments want to bring to this exercise. Given that the potential benefits of large-scale pro-competitive reform are on the order of tens (if not hundreds) of billions of dollars per year based on the studies cited above, there is room to set a high bar. Like the Aussie’s, I would not flinch at, say, \$10 billion over 10 years.

It is often said that we overestimate what we can do in one year, and underestimate what we can do in ten. Canada needs a big change in trajectory. This reform agenda is a smart, responsible, and actionable way to get there. **Let’s clean the ice.**

Matthew Chiasson is an economist and Senior Policy Advisor at the Competition Bureau. The views and opinions expressed in this submission are his own and do not represent any policies or positions of the Competition Bureau or the Government of Canada.

The Hunter Prize for Public Policy aims to shake up Canadian policymaking by marshalling fresh ideas, energy, and voices to take on a clearly-defined “wicked problem” and improve the economic and social well-being of Canadians.