



Enhancing Productivity Through Whole-of-Government Competition Policy

Vass Bednar
Denise Hearn

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

Canada faces a dual challenge of sluggish productivity growth and an affordability crisis marked by high and increasing consumer costs. Prime Minister Mark Carney has pledged to reduce the cost of living by increasing competition across the economy, echoing the Draghi Report's call for Europe to align industrial, trade, and competition policies into a unified strategy. But Canada has yet to take this crucial step in a concerted way; failing to connect the project of 'One Canadian Economy' to the work of supporting more competitive markets beyond the promise of [being "hawkish"](#) on competition.

In anticipation of the transformative power of such an approach, this proposal outlines a whole-of-government competition strategy designed to integrate competition considerations into every aspect of policymaking across orders of government, departments, and ministries. The plan draws on promising international precedents—[Australia's National Competition Policy](#), the UK's [growth mandate](#) for its Competition and Markets Authority (CMA), and the Biden Administration's [Executive Order on Promoting Competition](#) and corresponding [White House Competition Council](#) to outline a roadmap for Canada. In so doing, it provides a practical blueprint for Canada to adopt a coordinated, proactive framework that leverages competition as a tool for productivity, fairness, and economic growth.

The proposal includes back-of-the-envelope cost estimates: a one-time Year 1 outlay of \$43 million, with steady-state annual operating costs of \$39 million. For perspective, this is less than 0.008% of federal program spending. Yet, the payoff could be immense: Australia's reforms delivered a permanent 2.5% GDP boost and [the country is re-doing the exercise](#). By acting now, Canada can unlock similar gains, enhance affordability, and restore fairness to markets.

Further, the intergovernmental activism around 'One Canadian Economy' provides a promising foundation for this work. Rapid coordination across the federation around the mission of unlocking markets builds on the work of regulatory harmonization and mutual recognition. It will also make the work of addressing digital barriers to trade smoother and better coordinated.

Part I. The Problem(s) Canada Must Solve

Canada is stuck in a loop: low productivity, high market concentration, fragmented policy, and weak digital sovereignty reinforce one another, leading to a negative feedback loop. In addition, new pressures from digital trade barriers to synthetic “slop” flooding our cultural markets further distort competition and consumer trust.

1. Chronic Productivity Stagnation

For decades, Canada’s productivity growth has been among the weakest in the OECD. Canada has also been falling in global rankings on competitiveness and innovation, and has below OECD average entrepreneurship rates, low business dynamism, and stifled innovation. This makes Canada less globally competitive, and it has become less so over time. For example, Canada ranked number 8 on the World Economic Forum’s Global Competitiveness Report in 1999. Two decades later, in 2019, it had fallen to [14th](#).

The OECD’s 2023 Economic Survey of Canada highlighted structural challenges weighing down productivity, including significant barriers to interprovincial trade and labour mobility, limited market size, and the predominance of small firms. Despite world-class education and resource endowments, Canadian firms historically underinvest in research, development, and innovation.

The problem is not limited to a lack of effort or talent, it extends to the structure of markets. Too often, incumbents face far too little competitive pressure to innovate. A March 2024 [StatsCan report](#) echoed this, showing that corporate investment per worker declined by 20% between 2006 and 2021, and that larger and medium-sized firms, as well as foreign-controlled firms, invested even less than small businesses and Canadian-controlled firms.

Further, fragmented rules across provinces and municipalities create frictions that slow scaling. Consumers and workers bear the cost in higher prices and limited choice.

2. Cost of Living and Concentrated Sectors

The affordability crisis Canadians face is not just the result of global inflation—it is structural. In telecom, three dominant players control over 90% of the market. In groceries, a handful of firms wield power over both consumers and suppliers. In banking, barriers to entry limit fintech challengers. These dynamics concentrate profits in a few firms while eroding affordability and innovation.

Emerging technologies and business practices intensify the challenge. Grocery giants use slotting fees, exclusive supply contracts, and restrictive covenants to stifle smaller competitors. Rental software platforms, such as RealPage in the U.S., have been accused of algorithmic collusion that inflates rents. Delivery apps extract commissions from small restaurants of up to 30%, squeezing restaurants and raising consumer prices. These practices raise the cost of living and ultimately act to dampen competitive dynamism.

3. Fragmentation of Policy Levers

Canada has a Competition Bureau, but it cannot solve systemic problems alone. Provinces and municipalities often unintentionally reinforce barriers—through zoning, permitting, or licensing rules—that prevent new entrants. Federal ministries pursue trade, industrial, and regulatory policy in silos, without systematically considering competition effects when a new policy or program is introduced. The result is a patchwork of partial reforms, unable to deliver productivity or affordability gains at scale.

4. Canada Falling Behind Peers

The EU's Draghi Report underscored the need for Europe to integrate industrial, trade, and competition policy to sustain future competitiveness. The UK has mandated its competition regulator to explicitly consider growth as a policy goal. The U.S. launched a White House Competition Council driving cross-agency reforms, but the Council has since been disbanded. Australia's National Competition Policy, a coordinated federal-state initiative, delivered lasting GDP gains by removing regulatory barriers and fostering fairer markets.

Although Canada has made important legislative updates to our competition law in recent years, we lack an equivalent whole-of-government framework that goes beyond enforcement towards a proactive, and ambitious national agenda. This is because we have been too cautious about outlining an agenda for the contemporary role of the state in market-shaping activities. Other jurisdictions are wasting no time in using the capacity of the state to shape markets with investments in key sectors, nation-wide initiatives, and regulatory and legislative reforms. Without bold action, the gap in productivity, affordability, and innovation will only grow.

5. Digital Barriers to Trade: The Next Frontier for Market Access

Canada's trade agenda has focused on tariffs and licensing frictions, but today's barriers are also coded into platforms and algorithms. Digital platforms and algorithms are the new border [chokepoints](#) of commerce: privately governed and beyond public oversight.

For the 99.7 per cent of firms that are SMEs, these barriers mean high platform fees and opaque algorithms. On Amazon, sellers [now lose nearly half their revenue](#) to referral, fulfillment, and ad costs—up from 19 per cent a decade ago. Google and Meta capture [most of Canada's \\$13.5 billion ad market](#), siphoning profits abroad.

Digital trade agreements compound the problem. CUSMA's digital-trade rules bar Canada from requiring local data storage or algorithmic disclosure, tying our hands in governing domestic digital markets. The result is dependence on systems whose rules and rents are set elsewhere, limiting our ability to promote domestic innovation and resilience.

Competition policy must now tackle digital barriers like platform fees, algorithmic gatekeeping, data-flow limits, and ad-tech opacity as core trade issues. Integrating competition, data, and trade strategy is essential if Canada wants a truly "One Canadian Economy," rather than one where entrepreneurs pay rent to foreign intermediaries.

6. The Slop Economy is Here: Fake Content is Flooding Real Markets

Canada cannot ignore that fake and synthetic content is flooding markets. Streaming platforms are filled with AI-generated “fake” music designed to game royalty systems, ChatGPT-authored “thought leadership” floods LinkedIn and Medium, and deepfake-style “AI art” circulates as a cultural product. Sometimes this material is used for political influence or interference. Overall, this explosion of synthetic slop is eroding our ability to discern what’s real, and by extension, to make meaningful market choices.

When every playlist, professional post, and portrait could be fake, consumer trust collapses. We can’t have functioning markets without clarity and provenance. Market regulation and content regulation increasingly overlap; the integrity of one depends on the other. Liz Pelly’s [reporting](#) on Spotify’s “fake artist” problem makes this concrete — digital platforms reward cheap, automated content at the expense of genuine creation. The result is a polluted ecosystem where algorithmic incentives displace artistry, and efficiency masquerades as abundance.

We have a slop problem, and it’s going to get worse. The volume of synthetic content is crowding out real work and confusing consumers. Regulating the authenticity of digital content— ensuring people aren’t unknowingly talking to bots, buying fake products, or listening to AI filler — is now a competition and consumer-protection issue. To restore trust for consumers, we need a framework attuned to content quality and origin that links content authenticity to market integrity. Knowing what is real is the first step toward governing the digital economy in the public interest and maintaining public trust in markets.

This issue also intersects with Canada’s longstanding Canadian Content laws. Artists and writers have strongly [urged](#) the CRTC to not consider AI generated media as CanCon. Creatives must now “compete” for airtime with computer programs, demonstrating that more competition is not always a blanket solution for thorny policy problems.

Part II. Policy Solution: A Whole-of-Government Strategy

1. Elevating Competition to the Cabinet Level

Canada should establish a PMO Competition Coordination Micro-Office of 15 FTEs,¹ reporting quarterly to the Prime Minister. This office would ensure competition goals are embedded in Cabinet priorities. A “Competition Change Agent,” modeled on Tim Wu’s previous role as Special Assistant to the President for Technology and Competition Policy – or “Competition Czar” – in the Biden Administration, would act as a senior advisor liaising with ministries, shaping mandate letters, and tracking implementation.

2. Making Competition the Job of Every Ministry

Competition cannot be the sole responsibility of the Competition Bureau. Every ministry must assess its policies – both current and future – for competitive impacts:

- Ministries would designate embedded analysts (25 FTEs across departments) to flag risks, identify opportunities, and propose pro-competitive reforms in consultation with a range of sectors.
- Cross-regulator forums, modeled on the Digital Regulator’s Forum, would be expanded to health, transport, finance, and agriculture to ensure consistent enforcement.
- [Competition Impact Statements](#) would be required for all new regulations with templates and training rolled out government-wide.

3. Coordinating Across Sectors

Sector-specific forums, each supported by a small secretariat, would convene regulators, industry, SMEs, labour, and civil society to address barriers and identify pro-competitive reforms. Priority forums could include:

- **Telecom and Connectivity:** Lowering costs and increasing interoperability.
- **Financial Services and Fintech:** Advancing open banking and payments modernization.
- **Grocery and Food Systems:** Tackling slotting fees, exclusive supply contracts, and transparency.
- **Housing and Real Estate:** Investigating algorithmic collusion and cooperative compensation schemes.
- **Digital Platforms:** Addressing gatekeeping, algorithmic pricing, and fair treatment of SMEs.
- **Healthcare and Pharmaceuticals:** Reviewing entry restrictions and procurement policies.

¹ Framing it as a 15-person micro-office conveys that it’s a pilot model for cross-government competition coordination. The size allows for expansion or replication if/when the approach proves effective.

4. Reframing Complementary Reforms as Competition Tools

Many ongoing reforms are inherently competition policies but are not framed that way. Open banking, payments modernization, stablecoin regulation, privacy law updates, and junk fee crackdowns all rebalance power between incumbents and entrants. By explicitly branding them as part of a national competition agenda, the government can amplify their cumulative impact and build public legitimacy.

Industrial policy and innovation supports must also include competition lenses. For instance, government-funded IP could be licensed royalty-free to SMEs, or digital procurement could mandate interoperability or open-source standards. These predistribution measures shape markets fairly from the start, reducing the need for corrective redistribution later.

5. Merger Coordination & Structural Remedies

Merger oversight in Canada is fragmented across the Competition Bureau, Finance, Transport, and the Investment Canada Act. A whole-of-government competition strategy would:

- Align criteria and intelligence-sharing across ministries.
- Consider structural remedies, including quarantining dominant firms from adjacent markets or mandating separations of functions (e.g., content hosting vs. curation).

6. Capacity Building

Canada must invest in institutional capacity to build the muscle of considering competition implications for markets when designing and deploying new policy:

- Expand Competition Bureau staff by 50 FTEs across economics, data science, and law.
- Create a \$5M annual litigation fund and \$3M data infrastructure budget.
- Fund independent research chairs and journalism grants to sustain public scrutiny of market power.
- Publish an annual State of Competition Report with transparent metrics on market dynamism, consumer choice, and innovation.

Part III. Examples of Challenges This Framework Could Pursue

A whole-of-government approach to competition policy would treat affordability, fairness, and knowability as shared policy goals instead of relegating it as the narrow remit of a single department or regulator. It would align consumer protection, industrial strategy, and market regulation so that every policy lever, from labelling laws to long-overdue payments modernization, supports open and contestable markets.

For instance, the **modernization of Canada's payments infrastructure** and the **emergence of stablecoins** and **integrated digital ledgers** are competition questions. How we design the future of money will shape who can participate in digital markets, how easily new entrants can compete with incumbents, and whether the infrastructure remains public, interoperable, and Canadian-governed.

Consumer protection is another natural frontier. Ottawa could coordinate national action on **deceptive pricing, junk fees, and digital coercion**, while empowering provinces to align their own consumer-market interventions. That includes simple policies such as **standardized per-unit grocery pricing** (currently only in Quebec), transparency around **shrinkflation** and **loyalty-program pricing**, and **simple one-click unsubscribe rules** to make digital markets more competitive and honest.

A competition-savvy affordability agenda could also address market failures in everyday costs—like **capping delivery-app commissions, probing real-estate commission structures, and investigating algorithmic rental price-fixing software** such as RealPage (which [seems to be](#) currently underway with the Bureau). These are all forms of anti-competitive conduct that keep costs high for consumers and undermine fair entry for smaller players. Even creative sectors could be included: a "[Living Wage for Musicians](#)"-style initiative could ensure artists earn a fair price per stream, recognizing how platform concentration distorts cultural and labour markets alike.

At the retail level, governments could go further by **intentionally tackling anti-competitive tactics used by dominant grocers**—restrictive covenants that block rivals from opening stores, exclusivity clauses with suppliers, and slotting fees that squeeze out smaller producers. Provincial regulation could make these practices transparent or outright prohibited, ensuring that competition policy actually reaches Canadians where they live and shop.

Ultimately, a whole-of-government approach would extend competition beyond enforcement into design. It would connect affordability and fairness to how systems are built—whether payments networks, grocery supply chains, or digital marketplaces—so that Canadians face real choices, fair prices, and markets that serve the public interest.

Part IV. Implementation Plan

1. Legal and Institutional Mechanisms

Implementation would begin with an Order-in-Council establishing the PMO Competition Office and mandating competition impact statements. The Prime Minister would issue Cabinet mandate letters embedding more explicit competition goals.

The Economic Council of Canada, disbanded in 1992, should be revived as a permanent forum for external expertise. Domestic competition and international competitiveness experts would join the Council to ensure a competition lens is front and center in growth and productivity conversations. The Council would guide long-term national strategy and help navigate jurisdictional challenges with provinces and municipalities.

2. Early Action Agenda

The strategy should begin with visible reforms that directly improve affordability:

- Payments Modernization and Open Banking: Empower fintech entrants and reduce transaction costs.
- Junk Fees and Deceptive Practices: Expand federal-provincial efforts to eliminate hidden costs.
- Grocery Pricing Fairness: Mandate per-unit pricing, ban restrictive covenants, regulate slotting fees, and scrutinize wholesaler-supplier relationships.
- Rental Housing: Investigate algorithmic collusion and cooperative compensation policies.
- (etc).

3. Timeline

- **Year 1:** Establish PMO office, embed analysts, launch sector forums, publish initial guidance, and begin affordability reforms.
- **Year 2:** Release first State of Competition Report; implement grocery and junk fee reforms; roll out provincial pilots on stronger consumer protection.
- **Year 3+:** Expand merger coordination, consider structural remedies, deepen integration of competition into industrial and trade policy.

Part IV. Cost Estimates

One-Time Costs (~\$14.5M):

- Guidance, templates, and contractor support: \$1.0M
- Training across 25 ministries: \$2.0M
- Analytic tool build: \$1.5M for prototype
- Provincial/municipal pilot fund: \$10.0M

Annual Operating Costs (~\$39M/year):

- PMO Micro-Office (15 FTE + operations): \$3.2M
- Embedded analysts across ministries (25 FTE): \$4.5M
- Ongoing updates to digital tools, analysis, and data capture: \$1M
- Sector forums and secretariats: \$3.5M
- Merger coordination teams and expert panels: \$2.2M
- Competition Bureau capacity (50 additional FTEs, litigation fund, data tools): \$18M
- Research, reporting, and journalism: \$4.7M
- State of Competition report secretariat: \$0.7M

Year 1 Outlay: ~\$54M

Part V. Benefits & Success Metrics

Benefits

- **Productivity:** Boost R&D intensity, accelerate SME scaling, improve firm turnover rates.
- **Affordability:** Lower consumer costs in groceries, telecom, housing, banking, and across retail.
- **Innovation:** Foster new entrants in fintech, digital platforms, and health.
- **Trust & Democracy:** Reinforce legitimacy by demonstrating the government's ability to tackle concentrated corporate power.

Success Metrics

- Higher business entry and exit rates.
- Reduction in consumer costs in key sectors.
- Greater procurement diversity and SME participation.
- Transparent tracking of competition indicators in the annual report.

Part VI. Risks & Mitigations

- **Jurisdictional Sensitivities:** Provinces may resist federal intervention.
 - Mitigation: co-design pilots, cost-share initiatives, emphasize shared benefits.
- **Pushback from Incumbents:** Large firms will lobby to preserve advantage.
 - Mitigation: strong public communications framing reforms as affordability measures.
- **Institutional Inertia:** Bureaucracies may resist new duties.
 - Mitigation: embed competition duties in mandate letters and link to KPIs.

Conclusion

This is Canada's moment to reimagine competition as a guiding principle of economic governance. By adopting a whole-of-government strategy, Canada can comprehensively tackle affordability, unlock productivity, and foster innovation. With a modest investment of \$54 million in Year 1, Canada can build institutions and policies that deliver lasting benefits to households, workers, and firms.

Competition policy must move from being a reactive enforcement tool to a proactive framework for shaping dynamic markets. By embedding competition into trade, industrial, and regulatory policy, Canada can not only lower costs for consumers but also lay the foundation for a more innovative and democratic economy.

This approach is the foundation for the next phase of Canadian prosperity.

Vass Bednar is a policy entrepreneur who translates complex economic and digital systems into actionable insights for a fairer, more sovereign Canadian economy.

Denise Hearn is an author, applied researcher, and advisor focused on translating complex systems into actionable solutions for planetary flourishing.

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.