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Alberta

Report on Canada's Productivity Summit

Driving Investment for Economic Growth and Prosperity

What We Heard

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Executive Summary

Canada's productivity is falling, with serious implications for this country's economic well-being and resilience, global competitiveness and living standards. In 2024, productivity declined to 2017 levels, while in the last decade, Canadian families saw the slowest growth in real disposable income since the 1990s recession. This productivity slowdown affects many areas of public policy, including health care, education, infrastructure, agriculture and technology.

Canada's Productivity Summit, a joint project between the University of Calgary's School of Public Policy and the Alberta government, convened in October 2024 to examine Canada's productivity problems and to propose solutions that will encourage innovation, investment and policy reforms. The more than 700 delegates to the Summit included policymakers, Indigenous and business leaders, economists and community representatives.

No one single factor is responsible for the decline in productivity. Rather, the causes include weak capital investment, low levels of business innovation and policies that hinder interprovincial and international trade, along with red tape, overlap, inefficiencies, and uncertainties in Canada's tax and regulatory systems.

One reason for the drop in productivity is the low level of business investment in physical capital which hasn't kept pace with the growing labour force. This is especially evident in the construction, manufacturing and transportation sectors.

A lag in technology is another big contributor to the decline. For example, only 6.1 per cent of Canadian firms use artificial intelligence — a level the U.S. reached in 2018. Business spending on research and development accounts for just one per cent of Canada's GDP, which is half of what other OECD members spend. Other contributing factors include regulatory uncertainty and slowness in issuing project approvals, interprovincial trade restrictions and a tax system that discourages risk-taking.

Companies that are risk averse tend to cling to their status quos, avoiding the adoption of new technology and shying away from innovation that could increase their competitiveness in the global marketplace. Meanwhile, a cumbersome regulatory environment discourages new businesses from entering markets, deters foreign investment and spurs Canadian innovators to relocate to the United States.

Another pressing issue is the systemic exclusion of Indigenous people from economic participation, sidelining their perspectives and limiting their involvement in projects. Extending the principles of reconciliation to include economic factors would allow Indigenous Canadians to benefit from the increased productivity and participate in the economy on their own terms.

If the reasons for declining productivity are multi-factorial, the solutions are equally complex and while they require long-term policy changes, there is no shortage of short-term things that can be done to kickstart change.

"Alberta will work with any government, any institution and any industry to overcome this productivity problem," Alberta Premier Danielle Smith told the Summit. "Every government at every level in this country needs to be pulling in the same direction."

Simplifying tax administration, especially streamlining regulations and reducing administrative burdens, would encourage business compliance and growth. Regulatory red tape can be snipped to speed up permitting processes. By adopting new technologies, governments can encourage businesses to follow suit. Public funding can be directed at small and medium-sized businesses, rather than at large-scale operations or used to shore up market failures.

Interprovincial barriers to trade and labour can be eliminated, allowing workers to cross provincial borders without taking on the burden of newly required certifications and regulatory adjustments.

As Deborah Yedlin, President and CEO of the Calgary Chamber of Commerce, told the Summit, when Canada takes risks and thinks long-term, it can achieve remarkable results. The Summit's next step is to hold issue-specific sessions throughout this year in Halifax, Montreal, Ottawa, Toronto, Saskatoon and Vancouver, with a final report and recommendations destined for policymakers at municipal, provincial and federal levels of government.

Introduction

> *"One of the key things I want to be able to see out of the Summit is that we move from talking to actually figuring out why we have not implemented the ideas that have been around for quite a long time. We really want this to be pragmatic and practical."*
>
> **Martha Hall Findley, Director, School of Public Policy**

Productivity is not just an abstract economic concept; it is the foundation of economic resilience and a key driver of long-term gains in living standards. It influences nearly every area of public policy, from health care to education to infrastructure. In recent decades, however, Canada's productivity growth has fallen short. By 2024, labour productivity had regressed to 2017 levels, and since 2015, Canadian families experienced the slowest growth in real disposable income outside of the Great Depression or the 1990s recession. This trend has significant implications for Canada's economic well-being and global competitiveness.

The reasons behind Canada's productivity challenges are complex and multifaceted. Factors include low levels of business innovation, weak capital investment, barriers to interprovincial trade and inefficiencies in the tax and regulatory systems. Understanding these issues in depth is essential for crafting effective solutions that can reverse the decline and drive sustained economic growth.

To address these challenges, the University of Calgary's School of Public Policy teamed with the Government of Alberta to host Canada's Productivity Summit in October 2024. The two-day event brought together a diverse group of experts and stakeholders, including economists, policymakers, business leaders, Indigenous leaders and community representatives. With more than 700 delegates from across Canada, the Summit aimed to deepen the understanding of Canada's productivity problem, share research insights and begin crafting practical policy solutions.

The Summit featured five plenary sessions and 15 breakout discussions covering themes such as tax policy, innovation, interprovincial trade, labour market dynamics and infrastructure for growth. Participants explored Canada's productivity issues sector by sector, examining barriers to competitiveness and opportunities for improvement. The event emphasized pragmatic solutions, focusing on actionable steps to address regulatory inefficiencies, foster innovation and encourage investment. It also highlighted the importance of integrating Indigenous perspectives and creating equitable partnerships to unlock the full potential of Canada's workforce and resources.

The insights gathered at the Summit formed the foundation for this What We Heard report, which is based upon more than 260 pages of collected learnings, questions and feedback from participants. The report captures the participants' voices, detailing their concerns, ideas and proposed strategies for tackling Canada's productivity challenges. It reflects a collective understanding that while the barriers are significant, the opportunities to overcome them are equally compelling.

Canada's Productivity Summit marked the beginning of a broader initiative. By facilitating dialogue and collaboration across sectors and regions, the Summit catalyzed a national conversation about productivity. The lessons learned can inform policies that strengthen Canada's economic resilience and ensure a higher standard of living for future generations.

Plenary Sessions

OPENING REMARKS

YouTube Link: https://www.youtube.com/watch?v=QwUquYFtRjA

"If you think about the three major economic drivers of Canada's productivity and productivity of countries — capital intensity, quality of labour force and multi-factor productivity — research universities and post-secondary systems contribute to all three."

Ed McCauley, President, University of Calgary

The Summit opened with remarks from Martha Hall Findlay, Director of the School of Public Policy, and Dr. Ed McCauley, President and Vice-Chancellor of the University of Calgary.

Hall Findlay began by observing that Canada's low productivity growth is not a new issue. While it has been acknowledged for years, the pressing question is: Why have many proposed solutions to improve productivity not been implemented?

The urgency to resolve the issue has intensified as Canada's productivity performance has declined significantly over the past two years, with particular concern over the widening gap with the United States. The Summit aims to ignite a national conversation leading to smart, practical solutions to address this issue. It marks the beginning of the year-long Canada's Productivity Initiative by the School of Public Policy, with sessions across the country in 2025. McCauley underscored the critical role universities play in fostering economic prosperity and emphasized the importance of both knowledge discovery and mobilization.

Strong post-secondary systems built around research-intensive universities, such as the University of Calgary, contribute significantly to what he identified as the three key drivers of productivity: capital intensity, workforce quality and multi-factor productivity.

CANADA'S PRODUCTIVITY CHALLENGE – WHY IT MATTERS

Panellists: Chris Ragan (McGill University); Jean-Francois Perrault (Scotiabank); Michelle Alexopoulos (University of Toronto); Tim Sargent (The Macdonald-Laurier Institute)

Moderator: Deborah Yedlin (Calgary Chamber of Commerce)

YouTube Link: https://www.youtube.com/watch?v=QwUquYFtRjA

> *"My view is that everybody should care about per capita GDP ... Whatever challenge you care about, that challenge is easier to address in a world of high and rising per capita GDP."*
>
> **Chris Ragan, McGill University**

The opening session outlined Canada's productivity challenges, the reasons behind them and potential solutions. In the last 12 years, Canada's per capita GDP has dropped from being consistently around 80 per cent of the U.S. level to 70 per cent. Canada is behind 14 other countries, including Germany, Sweden, Denmark, Iceland and Australia in productivity rankings among members of the Organisation for Economic Co-operation and Development (OECD). If the trend continues, Canada could fall to 23rd place by 2060.

Boosting productivity is essential to improving living standards because it allows people to produce more per hour instead of working longer hours. This is important because Canadians already work more hours than people in many other countries and the population is aging. Higher productivity gives Canada more resources to tackle major challenges, including poverty, health care, climate change, national defence, etc.

Sectors such as construction, manufacturing and transportation have particularly low productivity and are obvious areas for improvement. During the COVID-19 pandemic, Canada saw a temporary productivity spike as lockdowns hit low-productivity sectors such as hospitality and services. When these sectors reopened, productivity fell back to 2019 levels.

The low level of business investment in physical capital was cited as a major reason for Canada's declining productivity. Unlike the U.S., investment in physical capital hasn't kept pace with Canada's growing labour force. Declining multi-factor productivity, which measures how efficiently labour and capital are used, is another issue. It includes not just technology but factors such as management practices and regulatory processes.

Canada also lags in adopting new technologies despite its strength in research. Geoffrey Hinton from the University of Toronto won the 2024 Nobel Prize for his work in artificial intelligence (AI), yet only 6.1 per cent of Canadian firms have adopted AI — a level the U.S. achieved in 2018. Canadian businesses spend only one per cent of their GDP on research and development (R&D), about half the OECD average.

Other barriers include regulatory uncertainty, interprovincial trade restrictions and a tax system that discourages risk-taking. A culture that avoids risk and a lack of competition also play a role. Immigration may also be contributing to the problem. Skill mismatches and the availability of cheap labour could make businesses less likely to invest in capital.

High government spending, even after the worst of COVID-19, has kept interest rates high, further discouraging investment. The small size of Canadian firms adds to the issue. Most businesses in Canada are small or medium-sized enterprises (SMEs) and operate in less competitive environments, giving them little incentive to innovate. Large, export-oriented firms, which face more competition, tend to invest more in R&D, but Canada has few such companies.

Regulatory barriers also prevent new businesses from entering markets or foreign firms from investing in Canada. This lack of competition hurts productivity. At the same time, U.S. policies, such as the *Inflation Reduction Act* and growth-focused strategies, create challenges for Canadian businesses. Panellists agreed that Canada can't compete with the U.S. on everything and should focus on areas where it can excel. It should also look for cost-effective ways to boost productivity, such as eliminating regulatory and bureaucratic inefficiencies, instead of relying on expensive subsidies.

Regulatory uncertainty has particularly affected the oil and gas sector, Alberta's leading industry and Canada's most productive sector. Unclear emissions targets, decarbonization plans and long approval times have discouraged investment, which has not returned to pre-2015 levels. Some participants noted that the world will continue to use oil and natural gas for the foreseeable future, so Canada should find ways to lower emissions without undermining its most productive industry. Educating people on the costs and benefits of different policies is key to making informed decisions.

Panellists agreed that Canada needs to reduce regulatory burdens, encourage competition and innovation, increase R&D funding, support post-secondary education to develop skills and foster public-private partnerships to drive innovation. Removing interprovincial trade barriers and improving government co-operation will also help.

All speakers stressed the need for a national conversation about productivity and the importance of applying a productivity-focused approach to decision-making to create real change.

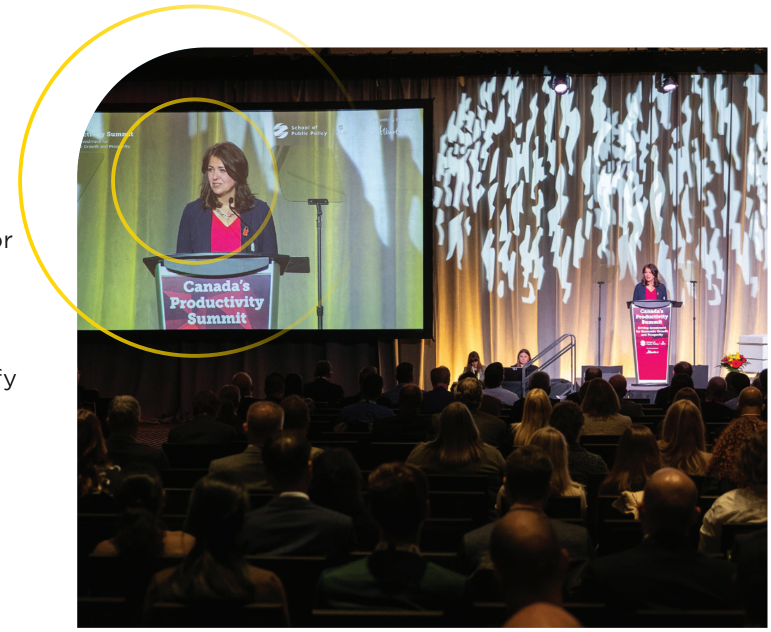
FIRESIDE CHAT WITH ALBERTA PREMIER DANIELLE SMITH

Speaker: Danielle Smith (Premier of Alberta)

Interviewer: Heather Scoffield (Business Council of Canada)

YouTube Link: https://www.youtube.com/watch?v=iTWbOvcOrpE

> *"Alberta will work with any government, any institution and any industry to overcome this productivity problem ... [And] every government at every level in this country needs to be pulling in the same direction."*
>
> **Alberta Premier Danielle Smith**



Alberta Premier Danielle Smith emphasized the urgency of addressing Canada's productivity crisis in her keynote address and fireside chat with Heather Scoffield of the Business Council of Canada, and mentioned how Bank of Canada Senior Deputy Governor Carolyn Rogers warned about it earlier in 2024. She noted that the presence of government officials from across Canada underscored the need to identify and implement practical solutions.

Smith endorsed Nobel laureate Paul Krugman's view that, in the long run, productivity is "almost everything." She stressed Alberta's leadership in innovation in agriculture, energy, extractive resources and other sectors and noted how the agricultural sector, for example, has embraced technology to improve efficiency, from machinery replacing manual labour to artificial intelligence (AI), soil sensors and drones. She noted how the energy sector prioritizes innovation, from pioneering solvent injection for oil recovery in the 1950s to leading in carbon capture and emissions-reduction technologies today but emphasized that sustained progress requires both technological advances and reliable market access.

She emphasized how the Trans Mountain Pipeline has brought economic benefits to Canada, but it has also highlighted the systemic barriers facing large infrastructure projects. Overcoming these barriers will require intergovernmental co-operation to create a more supportive environment for investment.

Smith cautioned that Alberta is not immune to Canada's broader productivity challenges. In her view, business investment in Canada has lagged due to high taxes and regulatory hurdles, creating barriers to major projects. She mentioned $100 billion in cancelled energy projects, including the Energy East pipeline and Teck Frontier mine, as examples of how regulatory delays and lack of co-ordination deter private-sector investment. She called for more co-operation by governments to attract investment, develop skills, fund R&D and remove interprovincial trade barriers.

Smith cited areas of agreement with the federal government, such as advancing petrochemical, hydrogen and cement projects aligned with emissions-reduction goals, but expressed concern over differing approaches to energy transition. In her view, extending federal decarbonization timelines beyond 2030 or 2035 would align with the long-term nature of investments and prevent stranded assets.

On preparing workers for the future, the Premier stressed the importance of education and training. Alberta is expanding high school apprenticeship programs and vocational schools to meet industry needs, though tackling youth unemployment remains a priority.

DAY ONE KEYNOTE FROM ANDREW COYNE

Speaker: Andrew Coyne (Globe and Mail)

Moderator: Martha Hall Findlay (University of Calgary)

YouTube Link: https://www.youtube.com/watch?v=q-V5tpzVprc

> *"The problem with Canada's economy is not one of utilization, but capacity — not so much that growth is below potential as that potential growth itself is rather less than it might be. It is not, in other words, a problem of insufficient aggregate demand, but of the economy's ability to supply goods and services to meet demand. Fixing that requires getting at the microeconomic foundations of the economy: how well or how poorly markets are functioning, rather than macroeconomic lever-pulling. The good news is this is the sort of growth that governments can actually do something about."*
>
> **Journalist Andrew Coyne**

Journalist Andrew Coyne raised alarms about Canada's productivity challenges all last year and began his address by stating that Canada's growth problem is neither new nor short-lived. Real output growth has dropped from over five per cent in the 1950s and 1960s to just over 1.5 per cent in recent years, with per capita growth now in negative territory.

The consequences of this decline, he said, are severe. Slow economic growth undermines living standards, social cohesion and fiscal sustainability. It limits improvements in quality of life and makes it harder to address inequalities, potentially deepening social divides. Economic growth is also essential for managing the costs of an aging population and rising health-care expenses, which already consume almost half of provincial revenues. With growing costs and fewer people to pay for them, immigration alone cannot solve the problem. Faster economic growth is the only sustainable path forward.

Canada's approach to economic policy, however, tends to prioritize short-term gains over long-term growth strategies. Governments often focus on addressing cyclical economic issues through monetary and fiscal policy, neglecting the structural changes needed for sustained growth.

Coyne was skeptical of both traditional and modern economic policy approaches. Even the orthodox policies of the 1990s and 2000s — such as free trade agreements, tax reforms, achieving low and stable inflation and converting deficits into surpluses — failed to halt the decline in productivity and growth. Unorthodox strategies, such as industrial policies that subsidize select businesses or sectors, fare even worse. These approaches assume that government officials can pick winners more effectively than private investors, which is rarely the case. Coyne urged a return to basic economic principles: reforming the tax system to incentivize investment, reducing barriers to foreign investment and eliminating interprovincial trade barriers that stifle competition.

Competition, the most powerful driver of economic growth, is often constrained by design. Oligopolies dominate sectors like telecommunications, financial services and air travel due to restrictions on foreign investment. State monopolies control industries like rail travel, postal services and liquor distribution. Supply management allows food producers to charge higher prices than a free market would, hurting consumers and limiting access to international markets.

He emphasized the importance of supporting individuals rather than businesses during transitions and argued for effective retraining programs to help workers adapt. By focusing on competition, innovation and sound policy, Coyne said, Canada can address its productivity crisis and secure a more prosperous future.

LEARNING FROM THE PAST

Speakers: John Manley; Dwight Duncan; Serge Dupont

Moderator: Martha Hall Findlay (University of Calgary)

YouTube Video Link: https://www.youtube.com/watch?v=X1DyUSHhXZg

"We may need something like [the Macdonald Commission] on productivity."

Dwight Duncan, Former Ontario Finance Minister

In this session, the panellists recounted instances from Canada's economic history that offer valuable lessons on how bold leadership and decisive action can overcome even daunting challenges.

In the 1990s, Canada tackled its crushing deficit through tough but necessary measures, achieving a balanced budget and creating a foundation for years of economic stability. Transformative policy initiatives such as free trade agreements and introduction of the GST demonstrated the nation's ability to navigate political complexities and implement significant reforms. These successes were not without controversy or difficulty, but they show that with strong leadership, public engagement and consensus-building, ambitious policy changes can succeed.

Today, as Canada grapples with economic stagnation and the need for bold action, these lessons from the past provide a roadmap for navigating current challenges. John Manley recounted how when Canada faced a severe fiscal crisis in the 1990s, decisive political leadership, public awareness and bold actions enabled the Chrétien government to address a crushing deficit and achieve a balanced budget in just over four years. Public buy-in was a critical factor, driven by messaging that underscored the dire consequences of inaction, such as the fact that one-third of government revenues were going to interest payments. The success was rooted in political consensus and a shared understanding of the problem's urgency.

In contrast, Canada's ongoing productivity challenges have lacked similar consensus and urgency. While discussions on productivity have spanned decades, progress has been limited. External shocks — including the 2008 financial crisis, oil price collapses, geopolitical tensions and the COVID-19 pandemic — have compounded these difficulties. Panelists noted that while some sectors, like oil and gas, have achieved significant productivity gains, others, such as manufacturing, continue to struggle. He highlighted the importance of building trust between government and business, suggesting a more collaborative approach could attract investment and foster innovation.

Serge Dupont stressed that Canada must adapt its policies to reflect a changing economic and political landscape globally. This includes navigating geopolitical tensions, investing in national defence, transitioning to a lower-carbon economy and addressing social infrastructure challenges, such as housing, education and health care. These priorities are not inherently productivity-enhancing and government must align them with a broader productivity agenda to ensure that economic growth can sustain Canada's social and environmental goals.

Panellists agreed that political leadership is crucial to overcoming barriers. Building a consensus — politically and with the public — is essential, as seen in past successes like deficit reduction and free trade agreements. Duncan said that politically challenging decisions can succeed when the public understands their necessity. Panelists stressed the importance of reducing intergovernmental friction, with federal and provincial governments focusing on their respective responsibilities while fostering co-operation.

Manley and Duncan spoke of the need for policy stability to attract investment. Businesses are hesitant to commit capital when regulatory environments are unpredictable, or governments are seen as adversarial. Manley views fostering a culture of partnership between government and industry critical in modern industrial policy. Dupont suggested that a productivity lens should guide not just economic policy but all aspects of governance, ensuring alignment between economic growth and other priorities.

DAY TWO KEYNOTE FROM IRA KALISH

Speaker: Ira Kalish (Deloitte Touche Tohmatsu)

Moderator: Trevor Tombe (University of Calgary)

YouTube Link: https://www.youtube.com/watch?v=DrfsnvMg-WE&t

"A lack of adequate infrastructure hurts productivity."

Ira Kalish, Deloitte Touche Tohmatsu

Ira Kalish addressed international trends, challenges and opportunities affecting productivity and global supply chains and the implications for Canada and other major economies. He explained why the United States has outperformed countries like Canada, the U.K. and Japan in productivity growth over the past 15 years.

Productivity is shaped by multiple interrelated factors, he said, noting that technological advancements and improved business processes, often fostered by education, are central drivers of long-term productivity. U.S. universities, especially those in California, have been pivotal in innovation. Infrastructure also plays a critical role by enabling productive activities, while effective regulation and taxation encourage competition and entrepreneurship. Conversely, poor regulation and taxation stifle innovation.

Business investments, particularly those funded by venture capital, are essential for implementing innovations, with higher investment-to-GDP ratios correlating with stronger productivity growth. Economic openness — through trade, investment and migration — further enhances productivity by promoting competition and innovation, while trade barriers reduce efficiency and competitiveness.

Kalish noted that a country's productivity matters because it enables businesses to raise wages without increasing prices, thereby reducing inflation. This dynamic has been a factor in tempering inflation in the U.S., even amid tight labour markets. Productivity also drives economic growth, raising living standards and enabling governments to collect more tax revenue, which helps address fiscal challenges.

Kalish emphasized the need for sustained investment in innovation, openness to trade and immigration and effective policy measures to navigate the evolving global landscape.

What We Heard: By Issue

COMMUNICATING PRODUCTIVITY AND POLICY

Speakers: David Coletto (Abacus Data); Tony Keller (Globe and Mail); Hannah Thibedeau (Global Public Affairs)

Moderator: Scott Crockatt (Business Council of Alberta)

YouTube Link: https://www.youtube.com/watch?v=M65mB2I0UTM

"The goal is not for everyone to work harder — it's for everyone to work smarter, to do more with less and produce more with less."

Tony Keller, Globe and Mail

CHALLENGES IDENTIFIED

Public understanding of the importance of productivity is limited. Most Canadians associate increased productivity with working harder or longer rather than working smarter, leading to misconceptions and resistance.

David Coletto shared polling data that show only nine per cent of Canadians hear about productivity regularly and some see it as a threat to job security as automation looms large.

Panellists stressed that effective communication means adapting to how Canadians consume information. Hannah Thibedeau said younger audiences engage less with traditional media than with platforms like TikTok and Instagram so policymakers and communicators must embrace formats and messages that connect productivity to tangible benefits, such as improved household incomes and better quality of life. The challenge is compounded by a lack of trust in political leadership. Canadians often perceive policies aimed at economic growth as benefiting the wealthy, leading to skepticism and disengagement.

OPPORTUNITIES FOR POLICY CHANGE

The panel urged reshaping the narrative around productivity, emphasizing its potential to improve quality of life and tangible benefits like higher incomes, better job opportunities and reduced work hours. Tony Keller talked about how productivity gains have allowed fewer farmers to produce significantly more food, improving efficiency without overburdening workers.

Panellists said that messages should be tailored to audiences. Younger Canadians consume information on platforms that demand concise, engaging content. Older audiences may resonate with examples tied to affordability, such as improving access to health care.

Governments and businesses can lead by clearly linking improved productivity to solutions for issues like housing, affordability and health-care access. Shifting the conversation to focus on wealth creation, household incomes and reduced barriers could help build public support for productivity-related policies.

IMMEDIATE PRIORITIES

1. Adopt simpler language. Replace abstract terms like “GDP per capita” with relatable phrases like “more wealth per person” or “better incomes with less work.”
2. Use storytelling to illustrate the benefits. Personal stories, like an Uber driver forced to choose between family time and higher wages due to affordability issues, can resonate with people and make the issue more relatable.
3. Focus on visible and immediate benefits. Address interprovincial trade barriers with relatable examples, such as making it easier to buy Canadian wine across provinces, to show how removing obstacles improves everyday life.
4. Use times of public attention, such as elections, to make productivity a national priority. Policymakers should consistently communicate the benefits of productivity by showing that it leads to better jobs, higher wages and a stronger economy.

ADVANCING ECONOMIC RECONCILIATION

Speakers: Matthew Foss (Canadian Council for Indigenous Business); Dazawray Landrie-Parker (Mokwateh); Blaine Favel; Crystal Smith (Haisla Nation)

Moderator: Bryce Starlight (Taza Development Corp)

CHALLENGES IDENTIFIED

Some participants described economic reconciliation as providing access to meaningful and equitable economic partnerships. Others said it involves self-determination for Indigenous peoples, ensuring their ability to reclaim their spaces and participate in the economy on their own terms. While definitions may differ, panellists agreed Canada’s productivity is closely tied to economic reconciliation for Indigenous communities.

A primary challenge is the systemic exclusion of Indigenous communities from economic participation, driven by the lack of land ownership. This deprives communities of the authority to make decisions about their territories and the ability to use land as a financial asset. Participants cited the mismatch between Indigenous governance timelines and the faster decision-making processes of corporate entities. This disconnect creates conflicts, often sidelining Indigenous perspectives in critical discussions and limiting their involvement in projects. These barriers hinder Indigenous communities from capitalizing on opportunities in resource development and other sectors, perpetuating economic inequities.

Participants said a lack of intergenerational wealth and access to capital further constrains Indigenous communities, making it difficult to invest in development projects or take on equity ownership in major initiatives. This challenge is compounded by regulatory delays that slow project approvals and limit Indigenous participation in Canada's resource sector. Participants said these delays exacerbate the mistrust created by historical injustices and unfulfilled promises, such as undelivered benefits from past resource projects.

Failure to acknowledge and integrate Indigenous cultural knowledge, governance systems and decision-making processes into project planning deepens this mistrust, leading to disputes and further delays. Systemic social challenges, including entrenched poverty, welfare dependence and intergenerational trauma caused by colonialism, continue to undermine the capacity of Indigenous communities to engage fully in economic opportunities.

These intersecting issues reinforce inequality and create barriers to economic growth and productivity. Addressing them is vital to achieving meaningful economic reconciliation and unlocking the economic potential of Indigenous communities.

OPPORTUNITIES FOR POLICY CHANGE

Panellists strongly urged implementing flexible financial models, such as loan guarantee programs, to help Indigenous communities access capital and secure equity ownership in projects. This approach fosters self-determination and promotes economic growth. Most participants also agreed inclusive consultation processes must become standard practice, treating Indigenous people as cultural knowledge keepers and landowners rather than mere stakeholders. Embedding Indigenous perspectives at every stage of project planning can build trust and ensure projects align with the values and priorities of the communities involved.

Panellists highlighted the importance of investing in leadership development. Indigenous leaders often face significant time constraints and responsibilities, which can make it difficult to focus on economic growth. Policies that encourage leadership and capacity-building programs can support these leaders as they navigate complex demands, while also strengthening governance structures.

Incorporating cultural metrics for productivity into policy frameworks was another recommendation. Metrics, such as improvements in quality of life and the preservation of cultural knowledge, provide a holistic approach to economic reconciliation. Building equitable partnerships based on transparency, respect and shared benefits is critical to fostering Indigenous participation in Canada's economic future. Such partnerships must prioritize mutual trust and long-term collaboration to ensure meaningful engagement and sustainable growth.

IMMEDIATE PRIORITIES

1. Aligning corporate and Indigenous governance timelines will help ensure meaningful consultation and reduce project delay. Embedding Indigenous knowledge into project planning is a practical way to minimize opposition, protests and legal challenges.
2. Promote Indigenous-led success stories, such as LNG initiatives by the Haisla Nation, to showcase the value of Indigenous participation in Canada's economy.
3. Develop public awareness campaigns to educate corporate leaders and policy-makers on the importance of Indigenous consultation to promote understanding, reduce fears around engagement and encourage partnerships built on trust and equity.
4. Mentorship programs for Indigenous leaders are essential. Fostering a new generation of leaders can empower Indigenous communities to navigate economic opportunities and governance challenges.

INFRASTRUCTURE FOR GROWTH

Speakers: Breanne Oliver (CN Rail); Chris Phelan (Canadian Airports Council); Robin Silvester (Former CEO of the Vancouver Fraser Port Authority)

Moderator: G. Kent Fellows (University of Calgary)

CHALLENGES IDENTIFIED

Infrastructure is a cornerstone of productivity as it facilitates efficient transportation, trade and economic growth while playing a critical role in Canada's global competitiveness. Its effectiveness significantly influences Canada's ability to meet its economic goals.

Canada's inefficiency in delivering infrastructure projects, compounded by cumbersome regulatory processes and fragmented decision-making, is a recurring obstacle. The time required to enforce contracts and navigate environmental reviews significantly delays project completion. One participant noted the CN Logistics Park in Milton, Ont., has been in court for over a decade, demonstrating the obstacles infrastructure projects face at the municipal and provincial levels. Some panellists noted municipalities often prioritize local interests over national infrastructure goals, leading them to resist projects that could benefit the broader economy.

Labour disputes and outdated regulatory frameworks further hinder productivity across the transportation sector.

Reliance on federal intervention in labour negotiations creates an environment where unions and companies may not proactively resolve disputes, slowing progress. Labour disruptions, such as strikes at ports, railways and airports, have direct and immediate impacts on supply chains, weakening Canada's global competitiveness. These disruptions impact the economy, causing delays in the movement of goods, increased costs for businesses and reduced consumer confidence.

The lack of proactive conflict resolution mechanisms also exacerbates uncertainty for international investors, further diminishing Canada's appeal as a reliable trading partner. Participants also noted fragmented governance across federal, provincial and municipal levels leaves no single champion with decision-making authority for critical infrastructure projects, creating further delays.

OPPORTUNITIES FOR POLICY CHANGE

The immediate priority is creating a national strategy to prioritize infrastructure development and address productivity. Establishing a dedicated federal champion or ministry focused on infrastructure could streamline decision-making and ensure alignment across government levels.

Streamlining environmental review processes, reducing bureaucratic delays and creating a more transparent permitting system can accelerate project timelines.

Policies that support innovation, such as tax incentives for adopting new technologies and sustainable practices, encourage private-sector investment in infrastructure. For example, the aviation sector needs government acceptance of biometrics and digitization to enhance efficiency.

IMMEDIATE PRIORITIES

1. Accelerate permitting processes and reduce regulatory barriers to enable infrastructure projects to move forward efficiently.
2. Reform tax policies to incentivize private-sector investment in critical infrastructure. Accelerated depreciation policies, which allow businesses to write off the cost of assets more quickly, could encourage companies to invest in supply chains, modernize facilities and adopt innovative technologies.
3. Promote success stories like the Asia-Pacific Gateway as effective collaboration between governments and the private sector. Co-ordinating efforts across levels of government and engaging stakeholders early on can build confidence in Canada's ability to efficiently deliver infrastructure projects.
4. Invest in smaller airports and sustainable aviation initiatives as well as funding R&D in hydrogen and other sustainable fuels to position Canada as a leader in green transportation technologies.

PARTNERSHIPS, SKILLS AND TALENT FOR INNOVATION

Speakers: Sylvain Giguere (MITACS); Jason Leslie (Alberta Chambers of Commerce); Joseph Marchand (University of Alberta); Chantal Ritcey (AtlaML); George Efthimiopoulos (CIENA); Faheem Khan (Aro Robotic Systems)

Moderator: Sylvain Giguere (MITACS)

CHALLENGES IDENTIFIED

Labour is the most critical input in the production of most goods and services in Canada. The level of human capital and skills that individuals possess is among the most important factors driving economic growth and productivity. Participants highlighted several reasons behind Canada's productivity challenges: few firms innovate, Canadian enterprises often fail to invest in their own growth and technology diffusion occurs at a slow pace. The number of SMEs contributes to the issue. Globally, SMEs tend to be less productive than larger firms. One presenter noted Canadian SMEs are about half as productive as large firms, whereas in the United States, SMEs are about 2/3 as productive. Canadian firms, particularly SMEs, often lag in risk-taking, leveraging employees' skills and investments in marketing and sales. One participant cited the low percentage of Canadian firms using software effectively, analyzing their data or adopting automation technologies. Many SMEs lack the in-house management expertise to implement new technologies and external consultants are prohibitively expensive. The result is slower innovation, reduced competitiveness and a weaker foundation for long-term growth.

OPPORTUNITIES FOR POLICY CHANGE

Policy suggestions to address Canada's labour challenges included fostering collaborations between industry and academia to help bridge capacity and skills gaps. For example, companies partnering with university researchers or hiring students directly enhances productivity and innovation by facilitating adoption of new technologies, thus benefiting the private sector and academic institutions while students gain real-world experience. Policies should ensure that SMEs can better access opportunities. Proposed solutions included increased funding, simplified processes for applying to such programs and greater awareness of available resources. Participants noted organizations like Mitacs play a significant role in this area, offering programs to address gaps in management expertise and technical skills for innovation.

Panellists emphasized the public sector's role in driving technology adoption, particularly in areas like artificial intelligence (AI). They listed numerous successful government initiatives that delivered strong returns, such as improving hiring processes and resource allocation through AI tools.

To encourage broader adoption of frontier technologies, barriers such as risk aversion among SME managers must be addressed. Increasing education and awareness about technologies and offering tailored support could help SMEs better use existing opportunities. Approximately 1/5 of Mitacs' projects in the past five years have focused on AI, demonstrating its potential to enhance productivity and innovation.

Prof. Joseph Marchand of the University of Alberta introduced the Alberta Centre for Labour Market Research as an initiative that supports research projects throughout the province to improve understanding of labour market challenges and opportunities.

IMMEDIATE PRIORITIES

1. Governments must be more proactive in adopting new technologies. By demonstrating the success of these technologies in their internal processes, governments can serve as role models, particularly for SMEs that may lack internal capabilities.

2. Expand support for organizations like Mitacs with mandates to accelerate technology adoption across SMEs and other firms. These programs provide resources and help close critical skills gaps by matching highly skilled students and research-intensive institutions.

TAX POLICY

Speakers: Kevin Milligan (University of British Columbia); Fred O'Riordan (EY Canada)

Moderator: Bev Dahlby (University of Calgary)

CHALLENGES IDENTIFIED

The main issue raised was the complexity of Canada's tax system, stemming from frequent policy changes, administrative inefficiencies and overlapping federal, provincial and municipal regulations. This creates significant compliance burdens for businesses that can complicate long-term financial planning and decision-making.

Panellists criticized Canada's highly progressive personal tax structure for imposing substantial tax obligations at relatively low income thresholds. They said it weakens the ability to attract and retain top-tier talent. A persistent brain drain, particularly in sectors such as biotechnology and technology, has eroded Canada's long-term economic prospects.

Canada's venture capital ecosystem has struggled to adequately support sectors reliant on intellectual property (IP). Limited valuation mechanisms for intangible assets, such as patents, have pushed innovative companies to relocate abroad in search of better funding opportunities and more supportive growth environments.

Political resistance to comprehensive tax reform was a major concern. Tax policy remains highly contentious and politically sensitive. Panellists described it as "political kryptonite," noting no major party is willing to champion comprehensive reform due to the political risks.

OPPORTUNITIES FOR POLICY CHANGE

Opportunities to promote tax competitiveness through corporate and personal tax reforms emerged as a priority. Aligning Canada's tax framework more closely with global peers, particularly the United States, is essential for maintaining a competitive edge in attracting investment and retaining top talent.

Introducing a patent box regime, with preferential tax treatment for income generated from domestically retained IP, could be a solution. It would help to prevent the offshoring of high-value innovations while fostering the development and commercialization of IP in Canada.

Panellists recommended venture capital incentives to address persistent funding gaps in Canada's startup ecosystem. By creating an environment conducive to early-stage investment, Canada could reduce its reliance on foreign acquisitions and build globally competitive innovation hubs.

Regular reviews of tax expenditures would also enhance policy effectiveness. Systematic evaluations to eliminate inefficient or politically motivated tax incentives would promote fiscal responsibility and improve transparency.

IMMEDIATE PRIORITIES

1. Simplifying tax administration is a priority, particularly the streamlining of regulations and improving the Canada Revenue Agency's operational efficiency. Reducing administrative burdens would enhance compliance and support business growth.
2. Expand and extend accelerated depreciation measures. Directly linking tax incentives to business investment would encourage companies to increase capital expenditures, stimulating economic activity.
3. Establish predictable and consistent tax policies to reduce the regulatory uncertainty, particularly in innovation-driven sectors such as technology and biotechnology, to strengthen Canada's appeal as a destination for investment and research.
4. Link tax incentives to the retention of intellectual property to ensure innovations developed in Canada remain under domestic control. This would bolster Canada's capacity for technological advancement while supporting sustainable economic growth.

MACROECONOMIC POLICY

Speakers: Lawrence Schembri (Former deputy governor of the Bank of Canada); Robert Asselin (Business Council of Canada); Mark Parsons (ATB)

Moderator: Bev Dahlby (University of Calgary)

CHALLENGES IDENTIFIED

Macroeconomic policy may not seem immediately relevant to business decisions or micro-level productivity issues, but it is critically important. Ensuring a stable and efficient macroeconomic environment is foundational to long-term growth and should not be overlooked.

Panellists referenced a recent OECD projection of output growth until 2060, which ranked Canada last, with an expected annual growth rate of approximately 0.7 per cent. This lags peer nations with rates ranging between 1.1 and 1.5 per cent.

Panellists identified several contributing factors to declining capital investment per worker in recent years, including regulatory burdens, tax structures and the expectation of future tax increases driven by rising public debt. Other factors include anticipated lower demand for output and a lack of competitive pressures in key sectors.

Uncertainty in Canada's regulatory environment was a major concern as businesses contemplating large-scale projects with timelines spanning decades are highly sensitive to uncertainty. Panellists said that regulatory uncertainty is a significant macroeconomic challenge for the entire economy. Some recently adopted measures, such as the oil and gas emissions cap, may be counterproductive from an economic perspective, deterring investment and hindering productivity.

Panellists highlighted the importance of a predictable, stable and efficient immigration system. Recent fluctuations in the flow of temporary low-skilled migrants have created incentives for firms to rely on such workers rather than invest in technology or productivity enhancements.

A growing concern for Canada's macroeconomic health is the high cost of housing, which affects both individuals and businesses. Panellists discussed governments' increased involvement in industrial policy through substantial subsidies to specific sectors. While there may be cases where market failures justify such interventions, indiscriminate subsidies can act as a drag on overall productivity growth.

OPPORTUNITIES FOR POLICY CHANGE

Establish a technology-focused agency to better allocate the significant R&D expenditures made by Canadian governments. The agency could direct resources to areas where Canada holds a comparative advantage. While the United States and Taiwan focus on semiconductors, and Israel on cybersecurity, Canada's strengths lie primarily in energy and agriculture. Concentrating technology-enhancing activities in these sectors could yield substantial benefits.

Panellists pointed out that many incentives in Canada are front-loaded, focusing on supporting startups rather than the growth of established businesses into larger ones. Shifting incentives to promote scaling companies may better support long-term economic growth.

IMMEDIATE PRIORITIES

1. Prioritize a stable regulatory environment. Frequent changes impose significant costs across the economy and stability is essential to foster confidence and encourage long-term investments.
2. Ensure scarce public funds are not used to subsidize large-scale investments in areas outside Canada's comparative advantage or where there are clear and identifiable market failures.

INTERPROVINCIAL TRADE

Speakers: Goldy Hyder (Business Council of Canada);
Laura Jones (Business Council of British Columbia)

Moderator: Trevor Tombe (University of Calgary)

YouTube link to session: https://www.youtube.com/watch?v=bm5CNb-w36c

"There is no greater problem than interprovincial trade barriers."

Goldy Hyder, Business Council of Canada

CHALLENGES IDENTIFIED

Interprovincial trade barriers were among the most discussed issues at the Summit as differences in rules, regulations, standards and certifications hinder the flow of trade between consumers and producers across the country. Goldy Hyder said it can be easier for businesses to engage in international trade than navigate interprovincial trade in Canada. He said part of the challenge is the public's limited awareness and understanding of the issue's importance.

Panellists said reducing interprovincial trade barriers could boost Canada's productivity by several percentage points. They noted options that already exist, such as the New West Partnership Agreement among four Western provinces, and the Canadian Free Trade Agreement, which involves all Canadian jurisdictions.

Even within participating jurisdictions, businesses face numerous small barriers that create a significant drag on productivity. Panellists said a more ambitious solution could involve the mutual recognition of regulatory standards, in which accepting a regulation deemed safe in one province is equally valid in another.

Panellists also said political efforts often focus on narrow, symbolic initiatives that generate positive headlines but don't drive meaningful progress. Meanwhile, businesses may support easing interprovincial trade restrictions, but it ranks below immediate concerns and governments assign it a lower priority.

Canada's decentralized federation further complicates matters. Provinces hold significant responsibility for trade-related policies and the federal government has limited authority to unilaterally address the issue. Ottawa's role should be to frame the issue more effectively, convene stakeholders and lead efforts to foster collaboration.

OPPORTUNITIES FOR POLICY CHANGE

One recommendation is for provinces to unilaterally recognize other jurisdictions' rules and regulations. This approach allows individual provinces to act without waiting for others to liberalize their economies. While collective liberalization is ideal, unilateral action could be a meaningful step forward. Ontario implemented such a measure by recognizing certain health credentials for professional certifications. Panellists suggested Ontario should consider joining the New West Partnership Agreement.

Efforts to improve interprovincial trade have progressed and governments must continue pushing forward. Panellists emphasized the importance of clear, relatable communication to make the case.

Panellists said individuals and businesses play a vital role in keeping this issue at the forefront of government agendas. One success story cited was when provinces allowed health professionals to work across jurisdictions during the COVID-19 pandemic. It demonstrated the potential for practical, immediate action to address barriers when the situation requires it.

Opposition is likely from special interest groups, particularly those tied to enforcing local regulations. However, the potential benefits — increased economic activity, lower costs for businesses and improved mobility for professionals — far outweigh the benefits from protectionist policies.

IMMEDIATE PRIORITIES

Jurisdictions could unilaterally recognize as compliant with their regulations any rule, standard, certification or credential accepted in another province. A national system is ideal, but a province or territory could allow businesses or professionals from any other jurisdiction to operate within its borders without requiring additional certification or regulatory adjustments.

INNOVATION AND TECHNOLOGY

Speakers: Jess Sinclair (Council of Canadian Innovators); Alejandro Adem (President of NSERC); Nicole Jansen (AltaML); David Chan (Amii)

Moderator: Terry Rock (Platform Calgary)

CHALLENGES IDENTIFIED

A major challenge to Canada's ability to convert its technological and research strengths into measurable economic and productivity gains is the fragmented innovation ecosystem, where collaboration among provinces, institutions and industries is insufficient. Although Canada is a global leader in artificial intelligence research, it struggles to commercialize its intellectual property.

The limited availability of venture capital and senior leadership talent prevents local startups from scaling effectively, prompting young companies and promising talent to relocate to markets like the United States, where funding and growth opportunities are more abundant. This brain drain weakens Canada's innovation pipeline and diminishes its global competitiveness.

Inefficient procurement processes are also a significant obstacle. Lengthy approval cycles, complex application procedures and risk-averse decision-making discourage smaller, innovative firms from competing for public procurement opportunities. This issue disproportionately affects emerging tech companies, which often lack the resources to navigate cumbersome systems.

OPPORTUNITIES FOR POLICY CHANGE

Commercialization mandates could be established across academic and government institutions. These mandates would prioritize turning research into marketable products and technologies, fostering domestic growth rather than exporting ideas. Collaboration between institutions, such as the partnerships among Alberta's universities, is a successful model that could be expanded nationally.

Reforming public procurement processes is a priority. Panellists called for streamlined systems and proposed the introduction of "procurement concierges" to assist small businesses in navigating government contracts. Encouraging greater competition within procurement, rather than favouring established players, would make the system more accessible and advantageous for local innovators.

By integrating entrepreneurial training into university curricula with partnerships among academia, industry and government, Canada could cultivate a new generation of innovators prepared to drive economic growth.

Given the significant contribution of foreign-born talent to Canada's innovation economy, panellists stressed the importance of creating favourable visa and residency pathways to attract and retain global talent. Recent legislative changes that limit post-graduate work opportunities are counterproductive.

IMMEDIATE PRIORITIES

1. Expand on targeted investments, such as the $30 million interdisciplinary AI project at the University of Alberta. They affirm the potential for transformative breakthroughs and reinforce Canada's global reputation for excellence in AI.
2. Retain talent in Canada with programs such as Alberta's Upper Bound AI conference which connects graduates and young professionals with local opportunities and has significantly improved retention rates. The number of graduates staying in Alberta to pursue careers or entrepreneurial ventures is doubling compared to five years ago.
3. Canada's unique advantage in data-rich industries, particularly health care, is another successful area, offering an invaluable platform for experimentation and AI-driven health-care solutions. This abundance of data creates opportunities for technological innovation while addressing societal challenges.
4. Improve public procurement in supporting local innovation and easing accessibility for smaller firms.

INTERNATIONAL TRADE

Speakers: Laura Dawson (Future Borders Coalition); Steve Verheul (GT&Co); Keith Halliday (Boston Consulting Group)

Moderator: Megan Zimmerman (Calgary Economic Development)

CHALLENGES IDENTIFIED

International trade is essential for Canada's productivity goals. Trade allows the country to leverage its strengths in industries such as low-carbon commodities and advanced manufacturing, while growing the economy through access to global markets. With 77-78 per cent of Canada's exports tied to the U.S., trade partnerships are central to economic integration and offer opportunities to diversify and enhance competitiveness in emerging markets.

However, Canada's international trade landscape faces several challenges. One issue is the growing protectionism in U.S. trade policies, which persists regardless of the political administration. These policies include substantial subsidies under the *Inflation Reduction Act* and other legislation that have diverted investment away from Canada, weakening its competitiveness. Anticipated tariffs further destabilize Canada-U.S. trade relations, creating uncertainty for Canadian industries.

Another challenge lies in Canada's slow permitting and regulatory processes, which hinder its ability to compete in fast-moving sectors like semiconductors, electric vehicles, and critical minerals

Canada's limited engagement with emerging markets in the global south also restricts its potential for trade diversification, leaving the country overly reliant on the U.S. market. Systemic issues, such as a fragmented trade strategy and a lack of strong business associations in the U.S., further undermine Canada's ability to advocate effectively for its interests and build lasting relationships with important partners.

Internal challenges, including outdated industrial policies and insufficient collaboration with Mexico on sustainable energy projects, complicate Canada's position in global trade. Addressing these obstacles will enhance Canada's competitiveness and ensure it can fully capitalize on its trade potential.

OPPORTUNITIES FOR POLICY CHANGE

Panellists stressed that developing regulatory reforms that speed permitting and site preparation can help attract investment. Reducing delays and offering greater clarity for investors can position Canada as a reliable and efficient hub for industries seeking to grow in response to global demand for advanced technologies and sustainable resources.

Canada's expertise in low-carbon industries and sustainable commodities, such as copper, nickel and lentils, provides a strong foundation for expanding its presence in the global south. Investing in infrastructure and streamlining export-related permitting processes would enable Canada to better meet the growing demand in emerging markets.

Participants suggested using sectors like tourism to reinforce Canada's global presence. They also emphasized strengthening collaboration between Canada, the U.S. and Mexico. Past initiatives, such as the Security and Prosperity Partnership, represent successful trilateral co-operation. Reviving similar mechanisms could facilitate joint projects in sustainable energy and other strategic industries, ensuring Canada remains an integral partner in North American trade. These partnerships would deepen economic ties and create opportunities to address shared challenges, such as climate change and supply chain resilience.

IMMEDIATE PRIORITIES

1. Prioritize a co-operative agenda with major trade partners, particularly the U.S. and Mexico, to strengthen relationships and minimize potential conflicts. Avoid individual disputes that could derail broader collaboration to maintaining a unified focus on strategic objectives.

2. Promote Canada's unique strengths in low-carbon industries, such as copper, nickel and plant-based proteins, and focus on opportunities in more diverse markets, especially in emerging markets in the global south.

CLIMATE POLICY AND PRODUCTIVITY

Speakers: Myha Truong-Regan (RBC); Michael Bernstein (Clean Prosperity);
Dale Beugin (Canadian Climate Institute);
Aaron Cosbey (Commission on Carbon Competitiveness)

Moderator: Jennifer Winter (ECCC and University of Calgary)

CHALLENGES IDENTIFIED

Policy complexity with its overlapping regulations, such as oil and gas caps layered on top of carbon pricing, has increased administrative burdens and stifled innovation. This regulatory overload has undermined the effectiveness of Canada's carbon pricing system by adding compliance costs without delivering equivalent productivity gains.

The lack of an integrated carbon market is a pressing concern. Provincial carbon pricing systems operate in isolation, creating interprovincial trade barriers that limit the potential of a unified national carbon market. This fragmented approach has reduced the economic efficiency of Canada's decarbonization efforts.

With the U.S.'s *Inflation Reduction Act* offering clear and substantial incentives for decarbonization investments, Canada's policy framework is seen as overly complicated and less transparent, discouraging private investment and diminishing Canada's international competitiveness.

Gaps in data infrastructure hinder accurate emissions measurement and verification. Without robust systems in place, verifying emissions claims remains a challenge, raising concerns about policy transparency and effectiveness. Concerns over greenwashing have shaken public confidence, further complicating policy implementation. Many businesses, wary of reputational risks tied to accusations of greenwashing, are reluctant to set ambitious climate targets.

OPPORTUNITIES FOR POLICY CHANGE

One recommendation was to focus on sector-specific investments in industries where Canada has a natural competitive advantage, such as biofuels, sustainable aviation fuel and low-carbon materials like aluminum and steel. Panellists said investments in these sectors could drive economic growth while reducing emissions.

Harmonizing provincial carbon pricing systems would help to establish a unified carbon market. A single, integrated market would enable carbon credit trading, encourage broader industry participation and reduce overall compliance costs, enhancing the efficiency of Canada's decarbonization efforts.

Panellists said simplifying tax incentives for hydrogen and carbon capture technologies is important for aligning them with U.S. standards to attract private-sector investment.

Decarbonizing legacy industries, such as steel and cement, would provide direct financial and technical support to modernize high-emission sectors, maintaining global competitiveness while advancing Canada's climate commitments and securing long-term economic productivity.

Engaging in international trade to ensure Canadian products receive fair treatment under carbon pricing regimes, such as the EU's Carbon Border Adjustment Mechanism, is important for preserving and expanding market access.

IMMEDIATE PRIORITIES

1. Expand carbon pricing systems nationwide, using Alberta's industrial carbon pricing system as a successful model. This approach has accelerated the coal phase-out and promoted cleaner technologies, making it a compelling candidate for broader implementation.

2. Invest in Canada's green economy. Panellists noted the $2-trillion potential in green sectors such as biofuels, sustainable aviation fuel and clean manufacturing. Targeted investments would not only boost GDP and create jobs but also support Canada's climate objectives.

3. Improve the carbon policy framework by linking provincial carbon pricing systems. A unified system would create a liquid carbon market, facilitate credit trading and encourage broader industry participation in emissions reduction efforts, maximizing the efficiency of Canada's decarbonization strategies.

4. Strengthen Canada's trade and market positioning. Our low-carbon aluminum and steel industries are particularly well-placed to capitalize on international carbon pricing systems. Leveraging this competitive advantage could enhance Canada's role in low-emission exports and further bolster its green economy.

PRODUCTIVITY IN THE PUBLIC SECTOR

Speakers: Michael Wernick (University of Ottawa); David Nikolejsin (McCarthy Tétrault); Peter Wallace (Boston Consulting Group)

Moderator: Graham Flack

CHALLENGES IDENTIFIED

Canada's public sector plays a critical role in driving productivity, not only through its direct operations but by creating the regulatory and economic environment within which the private sector functions. Participants noted systemic challenges often limit the public sector's ability to maximize its contribution to economic growth and efficiency.

One major issue is the public sector's focus on inputs rather than outputs, making it difficult to measure and improve efficiency. Unlike the private sector, where innovation and risk-taking are encouraged, public servants often face a culture of risk aversion, driven by the fear of making mistakes. This environment discourages decision-making and stifles innovation, leading to inefficiencies in government operations.

Another challenge is the lack of comprehensive training and information management systems, which hinders public servants' ability to access the right information at the right time. There is also a significant disparity in how productivity is addressed in the public and private sectors, with the latter focusing more on delivering results quickly and efficiently.

The session addressed broader issues, such as the difficulty of measuring productivity in areas like environmental conservation and public health. Participants said that these often involve investments that are difficult to measure in traditional productivity terms, such as preserving the climate system for future generations or improving health outcomes through medical advancements.

Media scrutiny, changing political agendas and overlapping feedback loops further complicate the public sector's ability to address long-term structural issues in the above areas, often resulting in fragmented and less effective problem-solving approaches.

OPPORTUNITIES FOR POLICY CHANGE

Participants suggested establishing a dedicated minister of citizen services to prioritize the customization of public services, making them more efficient and responsive to the public. Investing in training and information management systems is another opportunity.

By equipping public servants with the tools and knowledge they need, governments can empower decision-makers to act more effectively and improve overall productivity. Participants suggested creating a parliamentary committee to monitor government operations and audit performance, modelled after the U.K.'s standing parliamentary committee.

Policy frameworks must support calculated risk-taking, enabling government officials to explore innovative solutions without fear of repercussions. Policies that provide clear guidelines for decision-making under uncertainty, paired with mechanisms to evaluate and learn from outcomes, can help mitigate excessive risk aversion.

For example, implementing pilot programs or experimental projects in a structured policy environment allows governments to test for policy frameworks that support calculated risk-taking, enabling government officials to explore innovative solutions without fear of disproportionate repercussions.

IMMEDIATE PRIORITIES

1. Implement targeted training programs to improve public servants' decision-making capabilities, ensuring they are prepared to address complex challenges. Streamline feedback loops and reduce bureaucratic hurdles to improve decision-making processes.
2. Adopt digital tools and platforms to modernize public service delivery. Expanding digital innovations, like Canada's successful weather service app, could enhance the efficiency, accessibility and responsiveness of government services.
3. Set realistic and measurable goals, such as achieving net-zero emissions by 2030, so governments can demonstrate tangible progress and build public trust.

What We Heard: By Sector

CANADA'S NATURAL RESOURCES SECTOR

Speakers: Mark Parsons (ATB); Gitane De Silva (Former CEO of Canada Energy Regulator); Jeff Lawson (Cenovus Energy); Heather Exner-Pirot (MLI)

Moderator: Brad Herald (Canadian Association of Petroleum Producers)

YouTube Link: https://www.youtube.com/watch?v=q60t10g48wA

"Our resource-based industries (mining, agriculture, forestry, fishing and energy) produce the raw materials countries around the world need to feed their citizens, build their industries and power their economies. Our natural resource industries are also the most productive in the country ... and have even more to give to the Canadian economy."

Brad Herald, CAAP

CHALLENGES IDENTIFIED

The session opened with a presentation from Mark Parsons of ATB, who noted a key challenge for the Canadian economy is the decline in business investment, particularly following the commodity price drop that began in 2014. The problems for the natural resources sector extend beyond the fluctuations in global commodity prices.

Panellists cited the polarized discussions around energy as a major challenge for the oil and gas sector because they discourage firms from investing and can hinder the focus on making policies more productive. One participant pointed to the potential for large-scale regulatory changes, caps on emissions and restrictions on how the industry can communicate about environmental initiatives as further challenges to multibillion-dollar investments.

OPPORTUNITIES FOR POLICY CHANGE

Creating a policy environment of certainty and predictability so capital-intensive sectors like natural resources can plan appropriately is the best way to advance productivity. Regulations can achieve important societal objectives and still be stable, predictable, efficient and timely. Governments must also consider the economic efficiency of regulatory measures designed to achieve this. Participants said an oil and gas emissions cap is particularly burdensome for the economy. Potential consequences include reduced energy production or exports, slower GDP growth, less employment and fewer royalties and taxes going to government — impacting resources available for health care, community initiatives and more.

Building consensus is essential for moving forward effectively. One participant noted that it would not be ideal to simply eliminate review agencies or regulations like the *Impact Assessment Act* without a consensus on what is desired from the regulatory framework, the important objectives and the trade-offs society is willing to accept. Another participant observed that the current debate often centres on regulatory processes rather than outcomes.

Opportunities exist in the sector that could yield significant benefits for Indigenous peoples. Alberta has been a leader in this area with the Alberta Indigenous Opportunities Corporation dedicated to supporting greater Indigenous participation in energy projects. Policies that facilitate increased Indigenous involvement, particularly in equity participation, represent an area of growth and collaboration.

IMMEDIATE PRIORITIES

1. Ensure regulatory processes are predictable, stable and economically efficient. Societal objectives must be achieved through processes that inspire confidence and minimize unnecessary uncertainty.

2. Reduce political influence in the regulatory process.

3. Develop a more explicit and deliberate effort to balance the economic consequences of regulatory initiatives with broader societal goals. This would further enhance the effectiveness and fairness of these frameworks.

CANADA'S CONSTRUCTION SECTOR

Speakers: Charles St-Arnaud (Alberta Central); Thomas Grell (Graham Construction); Scott Fash (CEO of BILD-Alberta); David Hoff (Ledcor)

Moderator: Jeff Griffiths (Canada West Foundation)

CHALLENGES IDENTIFIED

The construction sector faces persistent stagnation, with productivity levels unchanged since 1997 and 20 per cent lower than other sectors. Participants said rising costs for major projects are a main barrier, citing the Windsor-Detroit bridge, which is projected to cost three times more than the Confederation Bridge despite less complex engineering. Housing shortages further compound the problem, with an estimated need for four million affordable homes over the next decade. Panellists said if productivity gains had matched the pace of other sectors, Canada could be building an additional 250,000 homes annually but lengthy approval processes, taking five to 10 years to complete, are causing a bottleneck.

There is a persistent shortage of skilled labour in trades, including electricians and millwrights. This skills gap is exacerbated by cultural attitudes that undervalue trade careers, making it difficult to attract young talent. Further obstacles include a lack of mobility for labourers across regions and a mismatch between industry needs and training programs.

The fragmented nature of construction projects, often involving numerous subcontractors, leads to co-ordination challenges, frequent delays and inefficiencies. These delays are further magnified by municipal zoning bylaws and building code inconsistencies, which impede the adoption of innovations like modular construction.

OPPORTUNITIES FOR POLICY CHANGE

Streamlining approval processes by reducing regulatory delays and harmonizing building codes across jurisdictions is a top priority. Removing the excessive layers of municipal and provincial oversight can accelerate project timelines and reduce costs.

Making trades careers more attractive is one way to address labour shortages. Public awareness campaigns that emphasize the earning potential, long-term career growth and entrepreneurial opportunities could help shift cultural perceptions. Participants said apprenticeship programs and scholarships tailored to residential construction trades would help ensure a steady pipeline of skilled workers. Encouraging labour mobility across provinces through regulatory adjustments could also help fill regional workforce gaps, particularly for large-scale projects in remote or under-served areas.

Support for modular construction would be a game-changer for the industry, offering faster, more efficient building processes. However, participants cautioned it requires significant de-risking initiatives and regulatory alignment, particularly around municipal zoning and building codes.

Government incentives, such as grants or tax credits for modular construction projects, could encourage broader adoption. Collaborative contracting models, like the alliance model, where parties involved in the project work together on planning and construction, sharing the risks and benefits, can improve efficiency and reduce risks by involving contractors and stakeholders early in the project.

Session participants said innovation could be further catalyzed by increased investment in pilot projects integrating AI and advanced data analytics. This would optimize supply chains, enhance project management and identify risks prior to construction. Participants emphasized the importance of using data platforms to enable real-time decision-making, improve timelines and reduce inefficiencies. By fostering greater collaboration between industry stakeholders and academic institutions, governments can pair research with solutions, driving innovation and strengthening the sector's long-term productivity.

IMMEDIATE PRIORITIES

1. Simplifying regulatory processes, particularly for housing developments, is a practical and impactful first step.
2. Promote local success stories from the industry to foster collaboration and encourage the adoption of best practices. Showcasing innovative projects and effective approaches could unify stakeholders and demonstrate the potential for meaningful progress through targeted effort and co-operation.
3. Leverage existing data platforms to support real-time decision-making. Using collaborative contracting models, which involve bringing contractors and stakeholders into the planning process early, would streamline processes, mitigate risks and ensure smoother execution of large-scale projects.

CANADA'S MANUFACTURING SECTOR

Speakers: Andrew Sharpe (CSLS); Ryan Greer (CME); Brian Kingston (CVMA)

Moderator: Heather Marshall (Creative Destruction Lab)

CHALLENGES IDENTIFIED

Panellists said Canada's manufacturing sector has experienced stagnant productivity growth since 2014, affecting labour, capital and total factor productivity. That slowdown is part of a long-term decline dating to the 1970s. While Canadian manufacturing has fared better than the United States in recent years with smaller declines in productivity, performance varies significantly across subsectors. The textiles industry, for example, has shown growth, while sectors such as pulp and paper faced substantial declines.

Regulatory barriers and labour shortages are the most pressing challenges, diverting resources away from productivity-enhancing investments. One survey cited said that 77 per cent of manufacturers indicated reducing regulatory costs would allow them to reallocate resources to capital investments. Labour shortages, driven by an aging workforce and inadequate training infrastructure, further constrain the sector's ability to adopt and scale new technologies.

Since 2014, Canadian-controlled manufacturing firms have reduced R&D spending relative to revenue by 1/3. This decline reflects many firms' economic concerns and limited accessibility to federal R&D programs, which often favour larger corporations over SMEs and results in slower innovation and adoption of transformative technologies.

Participants said inefficiencies in government procurement processes, including prolonged approval cycles, excessive bureaucracy and a focus on compliance rather than outcomes, discourages smaller firms from participating. These inefficiencies prevent public procurement from catalyzing innovation and growth.

OPPORTUNITIES FOR POLICY CHANGE

Panellists proposed streamlining regulatory processes and appointing a dedicated minister to focus on reducing red tape while ensuring oversight and accountability. Introducing economic mandates to regulatory bodies, such as Health Canada, would align regulations more effectively with national productivity objectives.

Technology adoption would have greater impact on increasing productivity than relying on R&D. By adopting proven technologies, Canada's manufacturing network could yield immediate and inclusive gains, panellists said. This would benefit SMEs, which make up most of Canada's manufacturing base but often lack the resources to implement new technologies.

To address labour shortages, participants recommended expanding employer-led training initiatives and strengthening sector councils, where businesses and workers collaborate to design training programs. Such programs equip workers with the skills to meet the demands of a rapidly evolving manufacturing landscape, while addressing workforce gaps in high-demand industries.

Re-shoring and "friend-shoring" strategies are critical opportunities for manufacturers. With global supply chains undergoing significant realignments, Canada is well-positioned to attract industries back to North America. Panellists said policies need to prioritize Canadian manufacturers in this transition while safeguarding against investment and jobs relocating to the U.S.

Government procurement reform was underscored as a potential catalyst for innovation. By shifting the focus from compliance to outcomes and making procurement processes more accessible to SMEs, governments can drive innovation and strengthen domestic manufacturing capabilities.

IMMEDIATE PRIORITIES

1. Expand federal programs that reduce administrative burdens and simplify access to resources to accelerate adoption of new technologies and improve processes.
2. Use government procurement as a growth tool for local business. As first buyers of innovative products, governments provide SMEs with market validation. Simplifying procurement processes and creating more opportunities for SMEs would encourage greater participation and innovation.
3. Expand training programs for SMEs, such as industry-led initiatives that focus on incremental process improvements more likely to be adopted widely and to deliver immediate results.
4. Emphasize technology adoption over new R&D. Supporting firms in implementing proven technologies has a far greater impact on productivity than concentrating on a small number of high-tech innovators.

CANADA'S TELECOMMUNICATIONS SECTOR

Speaker: Shazia Zeb Sobani (Telus)

Moderator: Chad Saunders (University of Calgary)

CHALLENGES IDENTIFIED

Panellists said productivity challenges in the telecommunications sector must be urgently addressed to ensure Canada's competitiveness, foster innovation and maintain robust connectivity that supports economic growth, social inclusion and resilience to emerging global challenges.

One participant said high spectrum costs — 66 per cent higher in Canada than in the U.S.—impose significant financial strain on the industry, limiting the ability to deploy advanced technologies like 5G and stalling progress on 6G infrastructure.

Foreign investment caps, approximately 10 per cent, restrict access to global capital markets, slowing the pace of network expansion and technological adoption. Regulatory frameworks with complex permitting processes delay critical infrastructure projects.

Infrastructure vulnerabilities were another major concern, particularly the growing incidents of copper theft, which disrupt services, increase operational costs and expose gaps in regulatory enforcement to curb the sale of stolen materials. Participants noted that climate-related risks, including wildfires and other natural disasters, threaten network resilience, emphasizing the need for investments in redundant and reliable infrastructure.

Under-served and remote communities remain inadequately connected due to a lack of sufficient public-private partnerships to address these inequities.

OPPORTUNITIES FOR POLICY CHANGE

Participants said collaborations between governments and private-sector firms can improve connectivity in hard-to-reach areas. Governments can play an active role in Infrastructure development.

Given the industry's challenges — such as climate events that damage and disrupt infrastructure — investments in building more resilient networks are essential. Participants identified four ways to improve productivity:

- Improving access to capital and reducing its overall cost, potentially by easing restrictions on foreign investment.
- Developing a skilled workforce by investing in training.
- Leveraging technological advancements and using tools like AI to drive more effective outcomes; and
- Establishing predictable and efficient regulations.

Participants stressed the importance of a robust national telecommunications infrastructure backbone to ensure system redundancy. They noted many areas have network coverage but a lack of redundancy increases risks for those reliant on certain portions of the network.

Crime was also identified as a pressing concern, particularly increased copper theft in many parts of the country. Stricter regulations could alleviate the significant burden this theft imposes on the sector.

IMMEDIATE PRIORITIES

Ease restrictions on foreign investments. The cap on foreign investment is low and limits the total potential investments.

CANADA'S AGRICULTURAL SECTOR

Speakers: Marvin Slingerland (MNP Canada); Marlise Hunter (Tall Grass Ventures); Jean-Philippe Gervais (Farm Credit Canada); Nick Betts (CANZA); Kristjan Hebert (Hebert Group)

Moderator: Kim McConnell (AdFarm)

CHALLENGES IDENTIFIED

More food has been grown in the last 40 years than in the previous 10,000 and as the global population grows, there is a pressing need to increase food production to meet demand. Participants agreed Canada has the resources to address the food gap. Leveraging this potential could boost productivity and strengthen Canada's economy by expanding export markets and creating jobs in rural and urban areas alike.

Productivity in the agricultural sector has flatlined. While farming expenditures continue to rise, crop production and profit margins have decreased. Panellists attributed this to the outdated "Old MacDonald" assumptions held by policy-makers at all levels of government, which means policies don't address the needs of today's often larger and more complex farms.

Some cited Bill C-19, the recent federal budget implementation measures, as an outdated and inconsistent policy that impacts productivity and international trade. Regulatory burdens and archaic risk programs also deter potential clients by increasing operational costs, reducing efficiency and complicating compliance for businesses.

Canada's reliability as a trade partner is further compounded by labour strikes, policy inconsistencies or delays in modernizing trade infrastructure.

Access to technology and investment are vital to productivity growth and out of reach for many small, family-owned farms. While medium to large farms are growing exponentially, this inaccessibility blocks innovation and growth, leaving many farmers challenged to adapt to evolving market demands and environmental issues.

OPPORTUNITIES FOR POLICY CHANGE

Improving the productivity of Canada's agricultural sector requires policy changes that address efficiency, scale and innovation. Policies that enhance access to management and advisory services can empower farmers to adopt best practices, optimize operations and reduce inefficiencies. To scale up production, particularly for smaller farms, policies should focus on lowering capital costs and providing financial incentives to promote growth and competitiveness in domestic and global markets.

Participants stressed the importance of engaging youth with policies to encourage urban-to-rural transitions and cultivating the next generation of farmers. Panellists recommended increasing investment in education, research and development while supporting the adoption of sustainability practices and advanced technologies on farms. By reducing the risks associated with technology adoption and incentivizing innovation, policy reforms can drive the transformation of Canada's agricultural sector.

Investment in technology is crucial for today's larger and more complex family farms, requiring robust technological support to address their operational challenges. One participant noted the United States invests $5.3 billion in agricultural technology compared with Canada's $44 million. Policies must promote investment in technological innovation, including satellite connectivity that enables reliable data transmission and internet access for farms, especially in remote areas, enhancing productivity and operational efficiency.

IMMEDIATE PRIORITIES

1. Foster collaboration by promoting local success stories about the agricultural industry.
2. Support pilot projects that integrate AI technologies on large and small farms to deliver immediate insights.
3. Leverage data through accessible platforms to give farmers the tools to make quick, informed decisions.
4. To attract young talent to the sector, incentivize university students to pursue agriculture-related sciences and business programs.
5. Pair academic research with farm-level solutions to create synergies between scientific advancements and practical applications, ensuring that innovations translate into real-world impact.

Insight from Summit Partners

DEBORAH YEDLIN, CALGARY CHAMBER OF COMMERCE

YouTube Link: https://www.youtube.com/watch?v=aKc0uvaud1U

> *"We're often accused of not being able to scale companies in Canada ... but the oil sands and our energy sector stand as excellent examples that we do know how to scale."*
>
> **Deborah Yedlin**

Deborah Yedlin opened the Summit by highlighting Calgary's entrepreneurial spirit and risk-taking culture, calling it the perfect place to host this important conversation. Yedlin reflected on the first day's discussions, which explored why Canada struggles with productivity compared to other countries, citing labour market gaps, slow adoption of new technology, trade barriers, outdated regulations and a focus on short-term goals.

She shared stories about Alberta's long-term successes, like the development of the oil sands and the Alberta Machine Intelligence Institute (AMII), which have become global leaders. She said it showed that when Canada takes bold risks and thinks long-term, it can achieve remarkable results. However, she cautioned, we need to make faster decisions, encourage competition and create more opportunities for new ideas and businesses.

Yedlin also said that the Calgary Cancer Centre, now the second-largest integrated cancer centre in North America, is a great example of what's possible when governments, universities and communities work together.

ADAM LEGGE, BUSINESS COUNCIL OF ALBERTA

YouTube Link: https://www.youtube.com/watch?v=A8F_3XVwXxc

> *"To a large degree, this is a problem of our own making ... We've been talking about [productivity] for 20 years, and here we are. Reports, studies and conversations abound, yet we continue making bad choices in this domain."*
>
> **Adam Legge**

Adam Legge focused on the urgency to address Canada's productivity challenges and framed his remarks around three points: Canada's productivity problem is partly self-made; clear solutions are available; and collective action is necessary.

Legge said Canada's productivity challenges are largely a result of policy and government decisions over decades. Despite extensive discussions, studies and reports, the same barriers persist. He cited interprovincial trade and labour barriers, federal policies limiting energy sector growth, increasing capital gains taxes on innovators and more. Recent regulatory guidelines have even discouraged communicating aspirational business goals, further hindering progress.

Canadians are feeling the impact of that inaction. Rising costs, stagnating incomes and a bleak outlook for future generations have brought productivity into sharp focus. Legge pointed to solutions, including unleashing the resource sector, cutting red tape, streamlining permitting processes, reforming immigration to maximize workforce potential and enhancing innovation and commercialization. He also stressed the importance of improving the tax system to incentivize investment and addressing interprovincial barriers to trade and labour mobility.

He said action is critical, and this must involve collaboration between government, business and civil society. He called for a new narrative that connects productivity to tangible benefits for Canadians, emphasizing the need for governments to take bold steps and for businesses to support them to foster public understanding and acceptance.

Next Steps

The insights from the Summit summarized in this report provide a foundation for more sessions in six cities across Canada in 2025 to better understand the challenges and develop actionable recommendations to policymakers.

We will build on the insights we heard at Canada's Productivity Summit with issue-specific sessions in Halifax, Montreal, Ottawa, Toronto, Saskatoon and Vancouver in 2025. While not every perspective expressed during the sessions will become a recommendation, the participants' insights will shape our final report.

The final report with recommendations for policy-makers will go to all levels of government in Canada.

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