Intelligence MEMOS

From: Harvey Naglie

To: Productivity Watchers

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Re: **Move Now: A 12-Month Capacity Reset for Canada**

Canada's longstanding policy playbook – add population, launch programs, and assume headline growth will translate into rising living standards – is no longer fit for purpose. The window to make changes is shrinking: Every year of delay worsens per-capita results and increases future fiscal costs.

Demographic changes, stagnant productivity, and rising debt-service costs are straining resources necessary for infrastructure, defence, and health. The main challenge is system capacity to approve and deliver projects efficiently. A credible reset requires improved investment economics, streamlined permitting, a unified national market, and enhanced data portability, beginning with open banking. This memo sets out a gameplan for delivering this reset within 12 months.

Make investment math work – now, and permanently

Productivity rises when firms recover their outlays on equipment, software, data, and adoption training quickly and predictably. Jurisdictions that neutralize tax timing frictions see stronger, more durable capital deepening, particularly among mid-sized and credit-constrained firms. The implication for Canada is to use the forthcoming budget to replace one-off targeted tax incentives with a permanent, neutral cost-recovery regime – expensing (or present-value equivalent) for machinery, equipment, and core intangibles, paired with standard guardrails. Canada's persistent under-investment per worker is well documented. A durable regime would raise steady-state investment rather than produce momentary spikes.

Turn time into a competitive advantage – publish clocks by year-end

Investors regard uncertain calendars almost as negatively as uncertain cash flows. Canada's permitting and approvals regimes often function as black boxes: Unclear milestones, stop-the-clock ambiguity, and diffuse accountability across governments. A recent C.D. Howe paper sets out a practical counter-model: one-window interfaces with statutory clocks, early intergovernmental coordination, public dashboards, and post-decision audits that shorten cycles over time. To this end, governments could publish end-to-end target timelines and launch a live dashboard for at least two sectors (e.g., energy transmission and critical minerals), with statutory clocks within 12 months. The aim is not speed for its own sake; it is predictability – de-risking the calendar without lowering environmental standards or weakening the duty to consult. Recent federal initiatives (targets, a permitting coordinator, and a dashboard commitment) are helpful signals, but they must become binding service standards to change investor expectations.

Create a truly national market – deliver first barrier removals within 12 months

Internal frictions – duplicated licensing, mismatched codes, and discriminatory standards – act as grit in the gears. The case for mutual recognition as the default is no longer abstract; it is a competitiveness agenda in miniature. C.D. Howe's Daniel Schwanen usefully summarized what's needed: Widened mutual recognition of standards by provinces and the federal government, narrowed justified exceptions, and annual publication of measurable removals. Set a one-year timetable to remove a first tranche of high-impact barriers (professional mobility reciprocity, harmonized trucking/oversize rules, adoption of a national building code for core elements, direct-to-consumer alcohol). This treats internal trade as a rolling program with quarterly reporting, not a one-off deal. Removing even a few high-impact barriers can raise output by enabling reallocation and economies of scale. In effect, expanding the domestic market without a single kilometre of new road.

Treat data portability as market infrastructure – open banking live in 2026, milestones public now

Data portability lowers switching costs and invites rivalry. In financial services, that means open banking: Letting consumers and small firms share data securely to accredited third parties for better payments, credit assessment, and tailored services. The C.D. Howe Institute has been clear, for years, on both the opportunity and the governance: Start with a concise rulebook, accreditation and liability standards, prioritize use cases, and iterative implementation under an accountable entity. Set and publish a dated go-live path beginning this fall with testing in early 2026, broad consumer availability by mid-2026 – then hold to it. A practical rollout would begin with high-value, low-complexity use cases – secure account aggregation and cash-flow verification – paired with consumer-friendly consent flows and clear redress. Deadlines, public and enforced, are the difference between action and drift.

Make urgency measurable – a 12-month scorecard

A capacity-led strategy is less about sweeping new programs than about compounding advantages: Neutral cost recovery that promotes investment; a predictable permitting calendar that lowers risk premiums; mutual recognition that scales ideas and talent across provinces; data portability that invites contestability. Each pillar carries execution risk – fiscal trade-offs for expensing; intergovernmental coordination for permitting; political-economy frictions for internal trade; consumer-protection design for open banking. The remedy is not to dilute ambition but to commit, now, to transparent metrics with quarterly publication of results versus targets. When policy reduces uncertainty and widens markets, capital and talent respond. If the scorecard does not show improvement within a year, change the design, not the goal.

Canada retains enviable assets: Human capital, resources, adjacency to the United States, and stable institutions. Converting those into broad, durable gains means pivoting from an activity mindset to a capacity mindset. The priority is to act this fiscal year, keep score in public, and adjust quickly. That is how policy moves from promises to delivery, and why these four pillars deserve priority attention now.

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