

**Written Submission of the Canadian Anti-Monopoly
Project (CAMP) for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget**

CAMP

Recommendations:

1. The government should provide the Competition Bureau with additional funds of \$20 million annually in accordance with the new powers and responsibilities given to the law enforcement agency in Bill C-56 and Bill C-59 to better protect Canadians and promote affordability.

About the Canadian Anti-Monopoly Project (CAMP)

CAMP is a non-profit think tank dedicated to addressing the harms caused by monopoly and to building a more democratic economy in Canada. CAMP produces research and commentary that advocates for policy to make Canada's economy more fair, free, and democratic

Background

Canada has a competition problem. In industries across the economy, Canadians face fewer choices as consumers, workers and entrepreneurs than their counterparts in other countries. Worse, there is evidence that historically elevated industry concentration levels and other markers of competitive intensity have [worsened](#) rather than improved in the past two decades.

Monopoly affects Canadians in multiple dimensions of their lives. As consumers, we face fewer options, lower quality and higher prices. As workers we have less leverage in negotiations for better wages and working conditions. As entrepreneurs we are at the whims of powerful suppliers and customers. Competition is a key ingredient for balancing power in the economic exchanges we engage in to create a productive and dynamic economy.

The evidence of this lack of competition is clear in key areas of the economy.

In the [grocery space](#), where Canada has gone from 8 major chains down to 5 in the past 40 years, grocers have commanded record profits while a record number of Canadians experience food insecurity. Further up the food supply chain, agricultural producers must contend with a small handful of [global giants](#) for the inputs to their business and access to markets.

In the financial sector, where the Competition Bureau has highlighted the risk of coordinated behaviour by incumbents, barriers to entry limit competition from new entrants. As a result, Canadians pay [higher fees](#) for access to key financial services and have fewer channels to access the credit that would allow them to invest in and expand their businesses.

In our duopoly airline market, major carriers are increasingly [carving up](#) the Canadian market rather than competing for it as disruptive, ultra-low-cost carriers struggle to gain a foothold. As a country of far-flung communities, the ability to easily traverse our country and engage with one another socially and economically is at risk.

Canadians correctly understand the role that a lack of competition has played in the ongoing cost of living crisis. Recent polling [indicates](#) that 69% of Canadians strongly

believe inflation is worsened by companies exercising their market power to raise prices. Rather than competing fiercely for customers, our oligopoly markets allow incumbents to squeeze Canadians in every aspect of their economic lives.

A key reason for this declining competitive intensity has been competition laws that took a lax approach to preventing consolidation and policing the market power that arises from it. Recognizing this issue, this government, with unanimous support from federal MPs across parties, made generational improvements to the *Competition Act* through Bill C-56 in 2023 and Bill C-59 in 2024.

With these changes, Canada can turn the corner on competition and ensure that the coming decades bring intensifying rather than waning competitive intensity.

Recommendation: The government should provide the Competition Bureau with additional funds of \$20 million annually in accordance with the new powers and responsibilities given to the law enforcement agency in Bill C-56 and Bill C-59 to better protect Canadians and promote affordability

After more than a decade of financial stagnation, in 2021 the government provided the Competition Bureau with a [much-needed increase](#) to its annual budget of \$96 million over 5 years and \$27.5 million annually thereafter.

While this represented an important contribution to effective competition law enforcement in Canada, that increase made up for the real decline in resources that had occurred over the preceding decade and did not contemplate the expanded responsibilities that C-56 and C-59 imply for the law enforcement agency.

In its work enforcing the law, the Competition Bureau goes up against some of the largest corporations in the country and even the planet. To prove a case the Competition Bureau must bring not only legal but economic evidence to bear, and the [Competition Bureau](#) and enforcers in [other jurisdictions](#) have noted the increasing resource arms race involved to bring a successful case. In the Rogers-Shaw merger litigation alone the merging parties [spent in excess](#) of \$30 million defending against the Competition Bureau's challenge of the merger.

Beyond these rising costs, after the passage of C-56 and C-59, the scope of two key areas of enforcement, abuse of dominance and anti-competitive agreements, has increased. Conduct by dominant firms with the intent to harm competition and agreements between non-competitors that harm competition is now within the scope of enforcement. This means conduct that would not trigger Competition Bureau action prior to C-56 and C-59 will now require investigation and possibly litigation.

In addition to an expanded scope of enforcement, the Competition Bureau has also been given the authority to conduct formal market studies, diving deep into markets and analyzing competition issues and their potential remedies. Though not a law enforcement activity, in peer jurisdictions these studies command a similar level of investigation and analysis to identify issues and provide potential solutions to policy makers.

Taken together, the amendments to the *Competition Act* contained in C-56 and C-59 represent a broadening of the scope of Canada's competition law and the potential for a much more active competition law in Canada. But that potential will be wasted if the Competition Bureau is not properly resourced.

Laws are only as effective as their enforcement. Given the organization's new responsibilities flowing from C-56 and C-59, it is essential that the Competition Bureau is properly resourced to protect competition in Canada's \$2 trillion economy. We recommend that the government provide additional funding to the Competition Bureau for enforcement and market study efforts at an ongoing \$20 million per annum.