

# Intelligence MEMOS



From: Michael Gullo and Heather Exner-Pirot  
To: Ministerial Working Group on Regulatory Efficiency for Clean Growth Projects  
Date: January 25, 2024  
Re: **IMPROVING CANADA'S COMPETITIVENESS**

---

Canadian workers, industry and the federal government share a common goal of a strong economy and a healthy environment. This includes building infrastructure to support a low carbon energy system, as well as increasing Canada's responsibly produced energy and mineral exports to global markets.

To achieve our goals we will need to attract far greater private investment in major projects. By some estimates, Canada needs to invest [roughly \\$2 trillion](#) to achieve net zero emissions by 2050. Today's level of investments is well off the mark. As the federal government itself has [articulated](#), we are currently seeing annual investment of about \$15-\$25 billion, when we need to achieve upwards of \$125-\$140 billion.

The key to unlocking much higher levels of investment in Canada is a more nimble and efficient system for approving and regulating major projects. As we, and others like Grant Bishop and Grant Sprague in a recent [C.D. Howe Institute paper](#), have noted previously, Canada's permitting system is slow and burdensome. It is holding back the country's potential.

According to Natural Resources Canada's [annual inventory of major projects](#) (those planned and being constructed), between 2015-2023 the real value of major projects in constant 2015 dollars fell 33.52 percent (-\$231.3 billion); the number of projects decreased by 10.04 percent, the average project value dropped 6.1 percent, and the total number of completed projects declined by of 36.36 percent.

Far from building for a cleaner, more prosperous future, we are falling behind.

In Budget 2023, the government made the commitment to "by the end of 2023 ... outline a concrete plan to improve the efficiency of the impact assessment and permitting processes for major projects, which will include clarifying and reducing timelines, mitigating inefficiencies, and improving engagement and partnerships;" a plan that has yet to be introduced.

We acknowledge the complexity introduced by the Supreme Court's Impact Assessment Act ruling that found aspects of the legislation unconstitutional.

Even so, action is needed now. A lack of policy predictability is discouraging new investment and hurting Canada's competitiveness. An unpredictable regulatory environment effectively delays final investment decisions and compromises Canada's ability to transition to a low carbon economy.

In September the Prime Minister appointed you to a special cabinet working group to ensure "an efficient regulatory framework to support the development of clean growth projects."

As you carry out this urgent task, we offer some recommendations based on what Canada's leading companies and pre-eminent entrepreneurs have told us would spur them to invest in Canada at scale again.

- Publicly support, rather than discourage, investment.** Investors need clear, positive signals that countries and regions want their business. To convince investors and proponents that their regulator shares a common interest in moving projects forward in a timely manner, the federal government should issue a policy statement to clearly convey that there is a "bias to yes;" a commitment that it will become the practice in Canada to review, approve and build projects that are in the [national interest](#) (e.g. those advancing energy security, the energy transition or Indigenous reconciliation) in a timely manner.
- Deliver on the principle of "one project and one assessment."** The Supreme Court decision makes a clear case for recognizing provincial jurisdiction for most natural resource and infrastructure projects. Canada should clearly articulate, as soon as possible, what projects and decision-making authorities it will now defer to the provinces, and how it will [work collaboratively](#) with provincial governments to address requirements driven by federal statute. This should include a "Clerk-to-Clerk Table" between the Clerk of the Privy Council and the Executive Council of provinces and territories to instill disciplined coordination. The government should make permanent its interim guidance following the Supreme Court decision that paused the minister's ability to designate projects for federal review.
- Take politics out of the project review and approval process.** One of the greatest sources of risk to building in Canada is the threat of a major project meeting all legal and regulatory requirements, but still getting vetoed at the end of the day by politicians. This happened most recently on December 4, 2023, when the federal and Nova Scotia governments vetoed an [oil and gas exploration licence](#) to Inceptio Limited that had been granted by the regulator.

It has happened enough times that investors and proponents are concerned about the possibility of delays or vetoes for any given project. The risk and cost of this has deterred many would-be proponents from advancing projects. The government needs to set clear requirements and then allow projects that meet all of them to move forward.

In recent years, Canada has not enjoyed a political environment that is conducive to attracting the level of investment we need to achieve our goals.

Federal, provincial and territorial governments need to work more collaboratively, and urgently, to create the conditions required for Canadians to prosper. The business community wants to be a partner in achieving those common objectives.

Your leadership is required to set the tone and get on a pathway for this to be achieved. It is in that spirit that we offer this advice.

*Michael Gullo is Vice President (Policy) Business Council of Canada where Heather Exner-Pirot is special advisor.*

*To send a comment or leave feedback, email us at [blog@cdhowe.org](mailto:blog@cdhowe.org).*

*The views expressed here are those of the authors. The C.D. Howe Institute does not take corporate positions on policy matters.*