BUSINESS COUNCIL OF ALBERTA

A Strong Canada. A Good Life.

Actionable federal policies for a stronger, safer, and more prosperous Canada for all

Full policy report

Canadians want a strong Canada. They want a good life. They deserve both.

A strong Canada and a good life need a strong economy. One that is the envy of the world. One that offers good paycheques and opportunities, nurtures and attracts the best and brightest, and is able to withstand threats and challenges, even from our closest friends. We will always be in a better position if we are stronger, safer, and more prosperous at home.

We have all that we need: the natural resources the world wants, a highly skilled workforce, amazing innovators and entrepreneurs, and an enviable piece of land on this planet. Now is the time to come together and make it happen; time to get on the right path, become a strong Canada, and offer Canadians a good life.

The following pages contain actionable policy prescriptions to deliver that strong Canada and good life. Each intentionally fits on a single page and are designed for needle-moving impact. They are a call to action for the citizens, businesses, and especially Government of Canada to implement these ideas rapidly and help Canada reach its full potential.

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Retracting and Repealing Bad Policies

Over the last decade, the federal government has implemented or proposed a range of policies, regulations, or mandates that do more harm than good. Some stifle innovation and investment, others add unnecessary costs to businesses and consumers, but all of them harm Canadian living standards.

Businesses feel as though the rules are constantly shifting, driving away billions of dollars in potential investment due to unpredictable policies. Meanwhile, affordability for consumers seems to have become an afterthought.

We need to stop holding ourselves back and reset our priorities to ensure Canadians can build a better life. The first step for a new federal government is to reduce government overreach and the policies that limit Canada's potential. Beyond this, we must avoid introducing new measures that create uncertainty for consumers and investors in the future.

The following list, while not exhaustive, highlights some of the worst examples of how Canada is currently undermining itself. Rolling back these measures is an easy, low-cost way to improve affordability, attract investment, and unlock Canada's full potential.

The next federal government can make immediate improvements by repealing or retracting:

- Excessive taxes and fees on air travel
- Greenwashing provisions in the *Competition Act*
- The Clean Electricity Regulations
- Recent proposed changes to the capital gains tax
- The Oil and Gas Emissions Cap
- The *Oil Tanker Moratorium Act* (Bill C-48)
- The Zero-Emissions Vehicle mandate

Remove excessive taxes and fees on air travel

Canada is a vast country with a handful of large cities and many small towns scattered across its landscape. And it's far too expensive to travel between them.

Rail travel isn't a solution to this. Existing passenger rail service isn't fast enough, doesn't serve many Canadians, and receives massive subsidies each year to stay afloat. High-speed rail could help some, but it would take years to build, cost a lot, and only serve the Golden Horseshoe area, ignoring the rest of the country, especially smaller cities, towns, and communities.

On the other hand, we already have airports all across the country, and they're in rural and remote communities too.

The problem is that the federal government treats aviation as a cash cow rather than an essential service, charging fees upon fees for just about everything. There's a laundry list of fees you pay directly and indirectly that add more than $75 to each one-way plane ticket.

That's why some Canadians who live close enough to the border just don't fly in Canada. According to a Senate report, there are even airports in the US where the majority of their passengers are Canadian.

Research has estimated that there'd be at least 7.2 million more flight boardings each year if just these fees—not the overall ticket price—were cut in half.

This would benefit folks in urban, rural, and remote communities alike. We just need to remove the barriers that get in the way of flying being affordable for them.

Recommendations:

- Review Canada's user-pay system for aviation, with the aim to remove or reduce fees.
- Reduce the Air Travellers Security Charge (ATSC) which has increased significantly since it was first introduced with no discernable improvement in performance.
- Reduce or eliminate some aviation fuel taxes, while reinvesting revenues from others into regional airports.
- Implement a freeze on any proposed or planned increase in fees and charges such as airport improvement fees, ATSC, air traffic control, fuel tax, and rent.
- Cease the federal government's collection of airport rents, which are passed on to travellers and put pressure on airports that are trying to invest in improving infrastructure.

Eliminate greenwashing provisions in the *Competition Act*

In June 2024, the federal government amended the *Competition Act* by adding new provisions on deceptive marketing practices. These last-minute amendments to Bill C-59—added without proper consultation or debate—require businesses to prove any claims they make regarding the environmental benefits of their product or business activity.

It goes without saying that businesses should be accurate and transparent in their public statements. And that they should be held accountable for knowingly making false claims.

But these new provisions are highly flawed. They are vague about the type of activities that will be scrutinized and what specific standards businesses will be held to. And they carry disproportionately stiff penalties for violation.

On top of that, these provisions stifle innovation, deter investment and make it harder for businesses to raise capital. And they expose well-meaning companies to the risk of frivolous and unjustified claims from hostile NGOs and others. All that means slower economic growth and fewer well-paying jobs.

Finally, these greenwashing provisions impose a stricter standard on businesses than on governments and non-profits. The aspirational claims about climate action, net zero, or emissions targets that the Competition Bureau advises companies against making are exactly the kinds of claims the federal government has regularly made over the last decade.

Recommendation:

- The next federal government should rescind the greenwashing provisions added to the *Competition Act* in 2024 through Bill C-59.

Scrap the Clean Electricity Regulations

In December 2024, the federal government finalized its Clean Electricity Regulations (CER), which aim to make the sector "net zero" by setting strict emissions limits for electricity generating facilities.

Reducing emissions in the electricity sector is a critical step toward reducing Canada's overall emissions, and the industry has already made much progress. Emissions have declined precipitously in recent years. Currently, 85% of the country's electricity is generated from non-emitting sources.

However, Canada's electricity grids are provincially operated. Provincial system operators and industry experts are the ones who actually run and manage our power grids—they understand how things work far better than the federal government does.

Frankly, system operators and industry participants warn that the CER is not feasible, especially in provinces like Alberta, Saskatchewan, and Ontario.

For instance, by the fate of geography, generating power in Alberta is very different than many places in Canada. Here, natural gas provides the affordable and reliable power needed for heating and operating homes and businesses, and creates a competitive advantage for attracting new industrial investment. Imposing a federal one-size-fits-all regulation on electricity emissions unfairly punishes regions in Canada that do not have the same access to clean, reliable, and affordable legacy baseload power facilities like hydroelectric dams that other provinces like Quebec, BC, and Manitoba have.

As a result of this regulation, electricity will become less affordable and less reliable in the provinces impacted the most. And while global investors are looking for massive amounts of power to build cutting-edge and productivity-increasing industries like artificial intelligence data centres, and petrochemical manufacturing facilities, the CER is capping Alberta's ability to expand its cost-competitive power production. Ultimately, this will limit much-needed job-creating investments.

It is time for Canada to do away with this heavy-handed, regionally discriminatory, and likely unconstitutional regulation.

Recommendation:

- The next federal government should withdraw the Clean Electricity Regulations at its earliest opportunity.

Don't let the proposed capital gains tax increase see the light of day

In Budget 2024, the Government of Canada proposed an increase in taxes for individuals and businesses on their capital gains—money made by selling assets such as real estate, stock, or other capital investments. The Budget argued that the increase would improve "tax fairness," and only a few wealthy Canadians would be affected.

But this is simply not true. Not only are significantly more Canadians likely to pay this tax at some point in their lifetime—many of whom are middle class—than the Budget suggested, but also it would be extremely costly to the Canadian economy. Estimates suggest the tax increase would reduce employment by 400,000 jobs and decrease living standards by 3%. Why? Because a higher tax on capital gains lowers the return on that investment. Canada already has a hard time attracting investment. Why would we make it worse?

Because the increase was announced but never officially passed into law, its future has been unclear. But recently, the Government of Canada announced that the change would in fact still go forward but not until 2026. This tax increase should never see the light of day.

Recommendations:

- Make sure that the increase in the capital gains inclusion rate never becomes law.
- Return money to those from whom the tax had already been pre-collected due to the "ways and means" motion in Parliament.

Scrap the Oil and Gas Emissions Cap

In December 2023, the federal government announced plans to cap emissions from the oil and gas industry to help Canada reach net-zero emissions by 2050.

This cap is a bad idea. Not only does it unfairly target one sector (Canada's most valuable and most productive sector at that), but it will do massive damage to the Canadian economy without any real impact on global emissions.

That's because there are limits to what existing abatement technology can achieve, making production cuts the safest way to comply with the cap. But if Canada cuts production, that lost output will just be replaced by another country. It's a huge economic cost for no environmental benefit.

Those economic costs will obviously hit the oil and gas industry hardest, but all Canadians will feel the effects—whether that's through lower government tax revenues for public services; reduced business activity in related industries; or even lower productivity when Canada's is already weak. It will also harm Indigenous economic diversification and erode our already fading global significance.

On top of all that, this policy will increase investment uncertainty, delay decarbonization efforts, trigger legal challenges, and exacerbate energy security concerns. It's a step backward.

Recommendation:

- The next federal government should abandon plans to implement the Oil and Gas Sector Greenhouse Gas Emissions Cap.

Repeal the *Oil Tanker Moratorium Act* (Bill C-48)

In June 2019, the federal government passed Bill C-48 which stops oil tankers that carry more than 12,500 metric tonnes of oil from stopping or unloading at Pacific coastal ports between the northern tip of Vancouver Island and the Alaska border. This law—the only of its kind in Canada—effectively prohibits oil exports from the region, limiting access to global markets.

This decision has serious consequences. It shuts out investment in Canadian energy exports on the most direct route to Asian markets and represents a missed opportunity for the good paying jobs that could have been created.

Likewise, it limits opportunities for economic reconciliation with Indigenous Peoples and has created east-vs-west rifts in the confederation. Most importantly, with the risk of US tariffs looming, this policy helps keep Canada over-reliant on the US market, lowering the price we get for our oil and makes us more vulnerable to the political whims of the US.

We inflicted this damage on ourselves by choice. But this choice can easily be reversed. It is time for Canada to drop this ideologically motivated law, seize the opportunity to provide our energy to global buyers, and build a more prosperous Canada for everyone.

Recommendation:

- The next federal government should repeal the *Oil Tanker Moratorium Act*.

Scrap the Zero-Emissions Vehicle mandate

In December 2023, the federal government introduced the zero-emissions vehicle mandate to decrease emissions from transportation. It states that by 2035, every new car, SUV, or truck sold must be a zero-emission vehicle (ZEV), with incremental progress required along the way.

This policy will hurt Canadians. While the lifetime cost of an EV is lower than a traditional car, the upfront ticket price is considerably higher. Not only that, but Canada does not have the charging infrastructure needed to support an EV fleet, and many Canadians don't live in houses where they can plug in their car at night. That's to say nothing about other important factors like lower driving ranges in cold weather, the need to build more electricity generating capacity to meet expected demand growth, the fact that automakers are struggling to profitably manufacture those vehicles, and whether or not we have access to enough critical minerals to build all the batteries we would need.

In fact, even the Parliamentary Budget Office estimates Canada can't meet the EV target unless prices drop dramatically.

Recent steps taken by the federal government on international trade make achieving this target even more uncertain. Notably, Canada placed a 100% tariff on Chinese electric vehicles—which are some of the most affordable options.

More broadly, what the federal government calls a "sales target" is a heavy-handed approach to dictating consumer choice. It should encourage EV purchases without forcing their production and sale while banning the alternative. The government should facilitate choice, not restrict it.

Recommendation:

- Rescind the Zero-Emissions Vehicle mandate.

Training Canadians for Good Jobs

Canadians want to know that if they work hard, they can afford to live a good life. That means buying a house, starting a family and saving enough to be comfortable in retirement.

Getting there means having a good job; one that's stable, pays well and offers people the chance to progress and grow in their careers.

But that's not the case for many Canadians. Some face barriers to fulfilling their potential—training opportunities for Indigenous Peoples are lacking, and more can be done for women in the skilled trades. In other cases, Canadians need additional education or training to get the jobs they want, or they need to upgrade their skills to keep pace in a rapidly shifting job market. And sometimes, they just need help knowing where the good jobs are.

And there are downstream effects to this too. When individual Canadians aren't able to live up to their potential, neither will Canada.

We can turn this around. Canadians are ambitious, but we need to support them. Whether in blue-collar or white-collar jobs, under- or unemployed, urban or rural—Canadians need to be able to develop and use their skills in order to build a good life. And that requires investment in Canadians.

For the most part, education and job training are the responsibility of the provinces. But there is still a role that the federal government can play.

Here's what Canada's next government can do to help Canadians find and keep good jobs:

- Promote and finance skilled trades programs
- Remove barriers facing women in the skilled trades
- Invest in Canadian skills
- Properly fund the Labour Market Development Agreement
- Promote opportunity for good jobs for Indigenous Peoples

Promote and finance skilled trades programs

The skilled trades offer promising careers. The problem is that not enough kids are encouraged to go into the trades; many parents, and even teachers, push the idea that jobs requiring a university degree are better (and pay better) —even though skilled trades workers can often out-earn people with undergraduate degrees.

Job vacancies in the skilled trades have big consequences. Canada already struggles to get things built in a timely fashion. And we can't do it at all if we don't have enough welders, electricians, heavy duty mechanics, carpenters and other skilled tradespeople.

To get more Canadians into the trades, we need to promote and properly fund skilled trades programs. Too few Canadians, young and old, know how many opportunities there are to make good money without going to university first. And we need to remove some of the financial barriers that keep people from finishing their programs.

By highlighting those opportunities to students and supporting apprentices, we can put Canadians, and Canada, on a path to success.

Recommendations:

- Work with the provinces to steer students towards the trades through their education systems.
- Make the Canada Apprentice Loan partially or fully forgivable when apprentices complete their programs.
- Extend the Apprenticeship Incentive Grant and the Apprenticeship Completion Grant, which are both set to expire on March 31, 2025.
- Evaluate federal programs and agencies that provide skilled trades training and promotion to maximize the per-dollar impact of the programs funded.

Remove barriers facing women in the skilled trades

Skilled trades offer stable, well-paying careers, yet many women face challenges that make it harder to enter or stay in the field.

One of those challenges is pregnancy leave, which is primarily designed for white-collar occupations. There is a gap in policies for women in occupations that are more physically demanding or those with additional risks to the soon-to-be mother or their child. Because of the nature of their work, some tradeswomen might need more time off work before the baby is born, but the typical leave for a healthy pregnancy can only begin 12 weeks prior to the expected due date.

Another barrier is childcare—something that can be a challenge for the whole family. Tradespeople often work hours beyond those of the typical childcare service, starting early or staying late and possibly even flying in and out of town for work. All of this makes traditional childcare difficult.

Workers shouldn't have to decide between work in the trades and family. By removing these barriers, Canada can better support parents in the skilled trades.

Recommendations:

- Expand pregnancy leave for tradeswomen when reasonable accommodation by their employer isn’t feasible.
- Expand short-term and long-term disability leave to not just include pregnancies that are high-risk or have complications, but also when a soon-to-be mother’s occupation could potentially harm their child (heavy lifting, vibrating machinery).

Invest in Canadian skills

To get good jobs, jobs that turn into rewarding careers, Canadians need the right education, skills and training.

However, we don't invest enough in building a highly skilled and educated workforce. One growing challenge is access to post-secondary education. Especially in younger provinces like Alberta, demand is beginning to outstrip capacity.

Another issue is the lack of training opportunities for folks who are out of work. The longer people are out of work, the more their skills deteriorate and the harder it is to get a job. Yet, not enough funding is directed toward upskilling workers, or training those who are unemployed. This harms individuals and Canada as a whole.

Canada can do more to support skill development, both before young people enter the workforce and when Canadians face unemployment or underemployment. Policies that support a skilled and engaged workforce not only benefits these individuals but the entire country.

Recommendations:

- Work with provinces to increase funding for post-secondary to ensure there is sufficient enrolment capacity for all young Canadians who are interested in furthering their education in their home province.
- Extend the Canada-Alberta Workforce Development Agreement (WDA), which provided training for the unemployed, underemployed, and those with precarious employment from 2017-2023.
- Increase funding contributions towards the WDA for provinces, with half of the new funds devoted to training programs for youth and the underemployed, and the remaining half earmarked for training for unemployed Canadians.
- Consolidate and streamline existing training supports into a smaller number of well-funded, broad-based programs while at least maintaining overall spending.
- Fund a single clear and accessible one-stop window to help individuals, businesses, and community organizations access government and third-party supports for upskilling and training programs.
- Develop and make available outcomes-based evaluation and performance measures for government-funded training programs, and review them historically and internationally.
- Reform the Employment Insurance (EI) program, shifting its focus towards supporting individuals who use their period of unemployment to upgrade their skills.
- Begin making a direct financial contribution to the EI program, with the additional funds being used to support individuals who upskill and retrain during their unemployment.

Properly fund the Labour Market Development Agreement

The federal government invests about $2 billion each year out of Employment Insurance (EI) to support province-led skills training and employment assistance. This money flows through Labour Market Development Agreements (LMDAs) that Ottawa has signed with every province.

LMDAs are critical to getting unemployed Canadians back to work. But there are a few problems.

The first is that a 6-year, $1.8 billion top-up to LMDAs recently ended and there are no plans to restore that funding. Because of this loss, Alberta had to cut back on delivering important programs like the Canada-Alberta Job Grant.

The second problem is that, except for that cancelled top-up, federal funding for LMDAs has been unchanged since 2018. With high inflation in recent years, $2 billion doesn't go as far as it used to. That means less money for Canadians who need training to find (or keep) good jobs.

Finally, LMDA funding is allocated across Canada based on provincial unemployment rates and uptake of EI. That's a good start, but it overlooks a key factor: whether there's a mismatch between the skills people have and those needed in the job market. If unemployment is high but there are lots of jobs available, that's where training money should go.

With some adjustments, we can revamp the LMDA to properly fund skills and training programs, putting Canadians back on track to earning more money from good jobs with a good future for themselves and their families.

Recommendations:

- Restore the 6-year $1.8 billion top-up to the federal government's LMDAs with the provinces and make it permanent.
- On that new, higher base, tie future LMDA funding to inflation to ensure that Canadians get the training they need.
- Consider provincial job vacancy rates as well as unemployment rates when distributing LMDA funding across the provinces.

Promote opportunity for good jobs for Indigenous Peoples

For Indigenous communities to thrive and take advantage of economic opportunities, they need access to skills and training that match the demands of the workforce.

Unfortunately, this isn't the case for Indigenous people at disproportionately higher rates than other Canadians.

Indigenous workers are less likely than other Canadians to have the skills needed to secure higher-paying jobs. As a result, they have poorer labour market outcomes, tending to earn less and have higher unemployment rates. This means that where economic opportunities exist in Indigenous communities, there are mismatches in job requirements and available skills among Indigenous people.

And natural resource projects are a significant employment opportunity for many Indigenous communities. Indigenous people are better represented in the oil and gas, mining, and forestry sectors than in the rest of the Canadian workforce, and tend to make much more in these sectors than the national average as well.

By investing in targeted training programs, mentorship, orientation, and Indigenous entrepreneurship, we can help close remaining skills and training gaps. Setting clear benchmarks for programs promoting these goals, such as through the Indigenous Skills and Employment Training Program, is also key.

Ensuring Indigenous people have the skills to succeed will improve their economic well-being and strengthen local economies—benefiting businesses, communities, and Canada as a whole.

Recommendations:

- Support programs that provide training, mentorship, and access to resources for Indigenous entrepreneurship.
- Invest in skills development and training programs that meet the specific needs of Indigenous communities and businesses.
- Implement benchmarks for organizations that deliver skills and training through the Indigenous Skills and Employment Training Program.
- Support Indigenous Peoples in pursuing natural resource projects in their communities.

Making Immigration Work for Newcomers and Canada

Canada has greatly benefited from immigration. It's strengthened the economy, enriched our cultural identify, and helped to establish Canada as a global leader.

But in recent years, immigration has become problematic in Canada. A large influx of newcomers has strained housing and job markets and even public services like K-12 education. At the same time, the federal government has shifted its focus from selecting immigrants that bring value to the Canadian economy longer-term, to those who fill labour shortages and meet other policy goals.

The result? Across the country, tensions have grown and support for immigration has collapsed.

Immigration levels have since been cut to bring inflows more in line with Canada's ability to integrate newcomers successfully. But that is not enough to generate economic growth.

We need a system that is not only stable and predictable but that attracts and recruits the very best. Specifically, to fix immigration, Canada must do the following:

- Reform how economic immigrants are selected
- Be the best to attract the best
- Streamline the immigration process
- Recruit top talent
- Give new Canadians the tools to succeed
- Make sure newcomers can utilize their skills
- Increase the role of the provinces in immigration

Reform how economic immigrants are selected

One of the most important things Canada can do to improve immigration is to focus on immigrants who bring the most value to the Canadian economy.

In the 1960s, Canada introduced a "points system" for economic immigrants called the Comprehensive Ranking System (CRS). Applicants would get points for things like education and work experience. And then the top scoring individuals were invited to apply. It wasn't perfect, but it was objective, predictable and fair and worked very well for Canada for decades.

But in recent years, the country has moved away from the points system and finding the most valuable people for the Canadian economy. Instead, it has turned to low-skilled immigrants and meeting other political objectives. It's introduced new criteria in the selection process—such as whether an applicant speaks French or works in a designated occupation—as well as several new, niche streams for immigration. Both approaches result in selecting lower-scoring applicants.

We need to get back to selecting the best for Canada. That means reforming the points system to use measures that are proven predictors of success, cutting back on the endless number of streams, and doing the things we already know work.

Recommendations:

- Report annually on specific, known measures of immigrant success (such as wages relative to the Canadian population) to track the success of economic immigration and ensure it is driving economic growth.
- Limit the number of economic immigration streams and pathways to make the process simpler for skilled newcomers and to focus on the primary goal of economic immigration: raising living standards for all Canadians.
- Report economic principal applicants separately from spouses and dependents to avoid overstating the role of economic immigrants in Canada's immigration plan.
- Incorporate points for current employment earnings (which is the best known predictor of economic success) into the CRS.
- Remove factors within the CRS that do not predict strong economic outcomes. This includes factors that award "Additional Points" (i.e., those beyond the core human capital and transferability factors) if they do not contribute to strong economic outcomes.
- Determine the best way to award points for the skills that are most highly valued and in demand within the CRS (e.g., field of study, program of education).
- Set the minimum selection criteria at a CRS score that predicts strong economic outcomes such as long-term earnings above the national median.
- Introduce an annual forum of industry and experts on the Canadian labour market to build an understanding of how the labour market and immigration needs are changing.
- Avoid creating a new stream of economic immigration that would target low-skilled temporary residents and divert Canada's focus away from highly skilled economic immigrants.

Be the best to attract the best

To attract the very best, Canada must be a place where people want to come and choose to stay.

Currently, that isn't always the case. In a recent survey of immigrants who arrived in Canada in the last 10 years, only 67% reported that they would choose to immigrate to Canada if they had to make the decision over again. In fact, immigrants who bring the most value to the Canadian economy—entrepreneurs, investors, and those with university degrees—are actually the most likely to leave.

Why? Because they see more opportunity elsewhere.

Losing talent to other countries isn't a new concern, but it's likely to get worse. Wages are struggling to keep up with the cost of groceries; unemployment is rising; and housing has grown even further out of reach. As the country's productivity gap with the rest of the world widens, other countries will be able to offer better opportunity and higher wages—luring the most talented immigrants.

What this means is that to get the most out of immigration, Canada needs a strong economy to begin with. And right now, it does not. While there is much work to be done to build a stronger economy (covered across all sections of this work), Canada needs a strategy for immigration that doesn't lose sight of what attracts immigrants to Canada in the first place.

Recommendations:

- Establish a permanent Council on Canadian Living Standards to provide independent advice to government on long-term economic growth and opportunities for Canadians. This should include examining how immigration strategies can support these objectives.
- Report on a measure of Canadian living standards (e.g., per capita GDP) in all budget documents and include this in economic outlook scenarios to provide transparency to Canadians on the economic trajectory of the nation.
- In the Annual Report to Parliament on Immigration, include "Metrics of Attractiveness" that assess Canada's quality of life and economic performance, such as per capita GDP, labour productivity, average hourly wages, and the OECD's Indicators of Talent Attractiveness.
- Maintain stable and predictable immigration levels year to year that are in line with the country's absorptive capacity to support housing affordability, health care access, and to minimize disruptions to the labour market that could have negative consequences on all Canadians, both established and newcomers.

Streamline the immigration process

To attract the best, the immigration process must be simple, clear, and fast.

Unfortunately, most who have been through the process would not describe it that way. Instead, it is often confusing and frustrating, with lengthy processing times, clunky user platforms, and poor communication along the way.

For many, this confusion begins long before an application is even started. Canada has dozens of immigration streams and sub-streams. They change constantly and the number of them keeps growing.

It's not hard to imagine that the process is convoluted enough that it gets in the way of skilled individuals immigrating to Canada.

But you don't have to imagine it. Research from the OECD proves this is true: slow processing times and a complicated system make Canada less attractive to skilled immigrants who have many options of where to immigrate.

Canada urgently needs a more streamlined and user-friendly process. A process where applicants don't lose time or money navigating the bureaucracy or wondering if they fit the criteria Canada is looking for. This will build Canada's reputation as the top destination for skilled immigrants.

Recommendations:

- Set firm deadlines to address both the immediate backlog of applications, as well as to fix errors and bugs in the application process.
- Apply new technologies used in other immigration streams to automate and expedite application processing of skilled immigration.
- Offer a paid option for expedited processing (as is done in other countries) and utilize this revenue to further enhance the efficiency of the system.
- Minimize the number of programs from which economic immigrants must select, similar to the Express Entry process, where individuals apply and IRCC categorizes and processes accordingly.
- Redesign IRCC's informational webpages to be simple, easy to navigate, and user-friendly. The site should serve as an informative and engaging tool that excites prospective Candidates about the opportunities in Canada.
- Add navigational tools to IRCC's informational webpage to guide users to the immigration streams and programs most relevant to them, as is done in New Zealand and the United Kingdom.
- Allow individuals to track their application status directly in their primary applicant account and portal, eliminating the need to create a separate account.
- Work towards developing a seamless, clear, and user-friendly application process that positions Canada as a global leader in immigration.

Recruit top talent

Currently, Canada limits itself by selecting candidates from a pool of applicants already interested in coming here, even if those candidates don't necessarily match with who Canada needs to grow its economy.

With competition from other countries heating up, a real concern for Canada is not just growing its pool of strong applicants but preventing its decline. Other countries have begun to take a more proactive approach to immigration. For instance, Finland and Australia are working with industries and businesses to recruit top talent; fast-track applications; and signal to the world the skills they are looking for.

Right now, Canada doesn't even know who it's missing. There is limited information on the pool of candidates who have applied for immigration or if those candidates align with Canada's economic needs. For example, individuals in the skilled trades are critically important to the national economy but are underrepresented in federal immigration. It's unclear whether they apply but are not selected, or if they're not applying at all.

To remain competitive, Canada must better understand its applicant pool, align its immigration strategy with labour market needs, and aggressively recruit the talent most needed to build greater prosperity.

Recommendations:

- Identify skills and occupations missing from Canada's current talent pool by reporting on applicants' characteristics in more detail in the Express Entry Year-End Report (e.g., occupation, level of Canadian experience, current earnings).
- Fast-track applications for skilled immigrants with experience in high-demand occupations with a goal of processing within two months (compared to the standard six-month processing time set for Express Entry).
- Create a 5-Year Opportunity in Canada Recruitment Strategy based on the needs of the Canadian economy and led by the Chief International Talent Officer, to enhance Canada's competitive edge in attracting high-potential economic immigrants.
- Determine top opportunities for Canada's 5-Year Recruitment Strategy based on the applicant pool, labour market needs, and international recruitment channels. Provincial counterparts should also be involved to connect immigrants with opportunity Canada-wide.
- Set targets to measure the progress and success of each recruitment effort, ensuring they deliver positive benefits for Canadians.
- As part of the 5-Year Recruitment Strategy, evaluate how other countries are reforming their strategies to better attract skilled immigrants and identify areas where Canada can improve its competitiveness.
- Prioritize the skilled trades most in-demand across the country in efforts led by Canada's new Chief International Talent Officer.

Give new Canadians the tools to succeed

Broken promises are not the way to start a life in Canada. But that's often how it feels for newcomers that come here for a better life only to struggle to find housing, work, and the support they need to thrive.

A survey by Leger found that 43% of recent immigrants felt they did not receive sufficient support, resources, and guidance from the Canadian government to help them settle in Canada. Canada has a comprehensive network of services to assist newcomers; however, many newcomers either do not know about these services or have never accessed them.

This gap leaves newcomers waiting for essential services such as language classes or commuting long distances to access support. Many others have accessed settlement services but did not find it to meet their needs.

Canada has a responsibility to set newcomers up for success from day one, not just for newcomers themselves but for the greater benefit to Canada. Supporting newcomer success is not simply about connecting more newcomers to settlement services. It is about results.

Settlement services must focus on immigrants and outcomes and shifting resources to where they are needed most. Without this focus, newcomers potential, and that of Canada, will be squandered.

Recommendations:

- Refine the National Settlement Funding Formula to better account for recent immigrants who move to different provinces shortly after arrival in Canada (i.e., secondary moves).
- Publicly report funding allocations by province to increase transparency and support regional equity of federal support for immigration.
- Consider expanding the role of, and federal funding for, provinces in settlement services to fill current gaps, given their knowledge of local programming and regional needs.
- Transform the current settlement services website into a user-friendly interface with seamless navigation and advanced search functionality, tested and validated by recent immigrants.
- Connect every single newcomer with this digital resource as a part of the landing process.
- Designate a single umbrella organization to connect newcomers with the most suitable local settlement service agencies across Canada.
- Connect interested newcomers with this umbrella organization before landing for an initial Needs Assessment to get newcomers the support they need to thrive right away.
- Allocate funding to supports that deliver the greatest value to newcomers, based on clear and measurable success metrics for settlement programs.
- Track newcomer success both within and across settlement organizations, and share that information with the relevant umbrella organization to guide future referrals and funding decisions.

Make sure newcomers can utilize their skills

To make the most of immigration's economic benefits, newcomers need to find jobs in their field quickly and easily, without needing a lot of extra training or schooling.

But that's often not the case. In a survey, around 66% of recent immigrants said it was difficult to get work due to foreign credentials. This is especially true for individuals in *regulated* professions—nurses, teachers, engineers—who may be shut out of their profession entirely until their credentials are evaluated by a local regulatory body.

Poor communication is a problem. Throughout the immigration process, information on which professions are regulated or how regulation works is limited. A study found that about half of economic immigrants didn't know that they wouldn't be able to readily work in Canada due to licensing requirements, slowing down the process to recognition.

But it's not just a lack of awareness. The process of getting credentials recognized is often long, costly, and rigid. According to Employment and Social Development Canada (ESDC), the process itself is a major barrier for internationally trained individuals in getting to work.

Licensing requirements and credential recognition pathways vary across the country, but that doesn't mean the federal government is powerless. Far from it, the Government of Canada can play a critical role in better and earlier communication with newcomers and building toward a system that can better recognize one's competencies, regardless of where this skillset and knowledge was acquired.

Recommendations:

- Incorporate regulatory bodies into the immigration process, as is already done for certain occupations, and expand their role beyond assessing educational qualifications for equivalency to include applications to practice in Canada.
- Send information, resources, and support on credential recognition to non-principal applicants and individuals immigrating through streams outside of economic ones as well.
- Report application processing rates for regulatory bodies across provinces. And encourage provinces to set firm deadlines via legislation that assures applications are processed in a timely manner.
- Work with provinces to create a national standard for the most in-demand regulated professions so that individuals can quickly gain certification and begin working.
- Establish mutual recognition for international qualifications, focusing on the countries and institutions where readily recognizing credentials would be the most beneficial.
- In collaboration with post-secondary institutions and businesses, identify the occupations best suited for competency-based testing which would allow newcomers to prove their skills, regardless of where qualifications were earned.

Increase the role of the provinces in immigration

The provinces have played an important and growing role in immigration in Canada through the Provincial Nominee Program (PNP). However, the October 2024 cuts to immigration gutted the importance of the PNP.

Two thirds of the 100,000-person cut to immigration targets came from the PNP—more than cuts to family-related immigration and refugees combined. Meanwhile, most other federal economic immigration streams saw only minor cuts, and some were even expanded.

This is a mistake. Cutting the PNP will concentrate more immigrants in Canada's biggest cities where housing is the least affordable. It will also ignore the unique needs and priorities of smaller regions.

The PNP isn't perfect and could be improved. But it's a valuable tool to drive economic growth and address local labour needs across the country. With the right changes, it can help deliver the benefits of immigration more widely from coast to coast to coast. Specifically, setting clearer goals and measures of success, minimizing the complexity and overlap with federal programs, and adjusting provincial allocations are just a few crucial ways that we can enhance the program's success to maximize its value as a cornerstone of Canada's immigration strategy.

Recommendations:

- Set Provincial Nominee Program (PNP) targets back to around 40% of economic immigration for 2025–2027. After that, adjust the program's share based on how well it performs (as explained in recommendation 3).
- Work with the provinces to set clear measures of economic success for PNP applicants, like median wage 5-10 years after getting permanent residency. Report on these results in the Immigration Annual Report to track how well the program is doing.
- Adjust the size of the PNP over time based on how well it performs (based on the metrics established above.) If PNP nominees have strong economic outcomes, increase the program's share of Canada's total economic immigration.
- Adjust provincial allocations so that provinces where immigrants are most likely to succeed can nominate more individuals. Success should be determined based on economic metrics such as median wages relative to the population and housing affordability.
- Phase out federal programs that overlap with the PNP, particularly category-based selection, as it targets the same industries and occupations prioritized by many provinces.
- Improve coordination within the FMRI to share upcoming changes to Express Entry and temporary resident pathways that could impact the pool of candidates for the PNP. Give provinces enough time to provide feedback and suggest alternatives.
- Work with provincial immigration ministries to develop a Canada-wide plan to grow the talent pool for in-demand skills and jobs.
- Work with provincial immigration ministries to create an online portal that outlines the selection criteria for each individual PNP stream. This will help to improve transparency and the matching of immigrants with opportunities.

Fixing Canada's Major Project Approval Processes

Canada used to be a place where we got things done.

Our economy, and the good, well-paying jobs it creates, depends on our ability to develop natural resources, build big projects, and send our valuable goods to international markets.

But creating those jobs and building those projects requires billions in capital investment. And over the past decade, not only has that investment been flat, much of it has left Canada.

A big part of the reason for this is Canada's slow, unclear, and unnecessarily bureaucratic (and politicized) processes for approving and permitting major projects.

Simply put: It can't take fifteen years to build a new mine.

Canada has massive resource wealth and strategic advantages we should be capitalizing on. We have a highly educated and capable workforce. And our trading partners want what we can provide.

We need to get back to doing what we do best—getting big projects built. For that, we need a re-imagined regulatory system that encourages investment and growth. That system needs to be faster and more efficient. It can't have the federal government and provinces tripping over each other. It can't be subject to political interference. It needs to respect Indigenous economic agency. And it needs to do all that while still safeguarding the environment and reflecting community concerns.

But even a redesigned or overhauled system for reviewing major projects can fall prey to the same pitfalls that have made our past review regimes ineffective and slow.

If we can design a review system that avoids these all-too-common pitfalls, the result will be thousands of new jobs, better family incomes, and renewed economic strength.

To fix major project approval processes, Canada must:

- Rebuild a world-leading major project review system

And it must do everything it can to ensure that this rebuilt system avoids past pitfalls. That means it must:

- Shorten project review timelines and adjust regulatory risk tolerance
- Rein in increasingly expanding and unpredictable review scope
- Achieve true federal and provincial review cooperation
- End the bureaucratic disruption of narrow construction windows
- Reduce repetitive and inapplicable stakeholder interventions
- Improve federal departments' internal coordination
- Solve for procedural "death by a thousand cuts"
- Improve and streamline Indigenous participation in project reviews

Rebuild a world-leading major project review system

Introduced through Bill C-69, our existing major project review system is not working. Projects are mired in ever-expanding bureaucratic review and red tape; political interference; endless legal challenges; interprovincial squabbles; interdepartmental inefficiencies; and duplicative processes.

And that's just for the major project review process. If a project actually gets approved, the same list of problems happens all over again at the permitting stage.

Simply put, Canada's current review system is designed to find reasons for government to say "no." We need a system that finds reasons to say "yes," and gets shovels in the ground. Quickly.

To do this, the federal review process needs to be impartial, proportional, trusted, efficient, and predictable. If we can get that right, it will help stop capital from moving elsewhere and bring home economic prosperity and thousands of well-paying jobs.

Right now, we're not even close to this ideal.

To build an ideal system, a redesigned major project review process needs to be guided by the following elements:

Recommendations:

- Consistently state policy preferences about which types of projects, if built responsibly, will be in the public interest—even before a project review is underway.
- Limit federal assessments, by law and in spirit, to projects and subject matters within the federal government's jurisdiction.
- Remove a minister's power to designate a project for federal review by fiat.
- Decisions about whether to approve a project after a review should be made by an independent regulator, not by politicians at the end of a drawn-out process.
- Provide clarity from regulators on what information they need from proponents at each stage of a review—and do not overstep these boundaries or require oddly-specific details early in a project review process.
- Focus assessments on project-specific, unique, and material risks—not on low-risk activities with a history of successful mitigation. Regulators should adopt a trust-but-verify approach for low-risk activities.
- Advance reconciliation by fully including impacted Indigenous Peoples in reviews. Remove barriers to full participation; and provide full clarity on the roles of government, proponents, and Indigenous Peoples at a review's onset.
- Provide strong leadership over reviews from a single lead agency. This agency should be the single window of communication to proponents, and be responsible for keeping all other involved departments on schedule and acting within their limited scope.
- Align or substitute federal reviews, when applicable, with provincial review processes.
- Communicate confidence in the regulatory process by publicly championing any approved project as being best-in-class.

Shorten project review timelines and adjust regulatory risk tolerance

Time is money. For businesses to green-light a new project, they need to know how long the government review process will take, and when they can expect to get shovels in the ground. If that process takes too long, the investment either won't happen, or it'll happen someplace else.

As it stands today, projects take too long to review and permit. A country serious about attracting investment cannot take more than 15 years to get a new mine approved and operating.

Long legislated review timelines are only part of the problem. Another issue is when regulators pile on so many requirements that a business cannot possibly meet its deadlines, forcing it to request an extension.

Finally, project reviews have expanded to fit the time available. Simple projects should require short and simple reviews. But government agencies are not scaling review timelines according to the actual risks and complexity of a project.

Canada has been building and regulating major projects for decades. We know how to do this. We know what the risks are and how they can be avoided. We need to better use what we've learned to reduce the length and scope of reviews, not complicate them and slow them down.

Recommendations:

- Shorten maximum review process timelines to, when possible, a proponent's capital allocation decision timeframe—including for large and small project reviews.
- Scale maximum review and permitting timelines with a project's complexity, risk level, and novelty. Less risky, complex, and well-understood projects should have shorter timelines.
- Avoid forcing a proponent to request timeline extensions by prohibiting lead agencies and permitting bodies from assigning last-minute review requirements to proponents.
- Prohibit lead agencies and other departments from extending/stopping the clock on project review or permitting timelines, including during the post-review decision-making stage (except in the most exceptional circumstances).
- When review or permit timelines extend beyond their legislated limit, require review/permitting bodies to publicly publish a 'Reasons for Timeline Delay' document, which includes how those delays will be avoided in future.
- Ensure that review requirements are reasonable enough that they can be completed by a proponent at a reasonable cost and effort within the prescribed maximum timelines.
- Limit review- and permit agency-required follow-up information requests for proponents to the earliest portions of timebound review stages.
- Require lead project review agencies to more appropriately scope project assessments to focus their resources on the most material, project-specific risks, and not on standard, well-understood risks with a history of successful mitigation.
- Require lead agencies to use a 'trust-but-verify' assessment and auditing model for standard, well-understood, easily-mitigated risks tied to proven industry best practices or existing regulatory requirements.

Rein in increasingly expanding and unpredictable review scope

Any company wanting to start up an expensive major project in Canada needs to know what the rules are. They need to know exactly what the project review process looks like, the order in which things happen, and how long each stage will take.

Unfortunately, not much of that is clear today. Federal regulators provide very little certainty about what their reviews require. They often step outside the bounds of how they're supposed to conduct a review, and they've been gradually imposing more and more requirements on projects that successfully complete reviews.

The bottom line is this: project reviews are ballooning in size, scope, and complexity; review requirements are unpredictable; and bureaucratic delays are piling up. What happens then? Investment goes elsewhere and good job opportunities are lost.

This trend holds true across a wide range of projects, regulators and review processes. It starts before the review has even begun. And it keeps going well after the project has been approved. If it even gets that far.

If Canada is going to attract investment and create the good, well-paying jobs for workers, we need to ensure our regulatory reviews are predictable and properly scoped.

Recommendations:

- Prevent the Canada Energy Regulator (CER) from doing project assessment activities during the stage where it reviews the project application for completeness.
- Provide proponents with on-request rapid access to an adjudicator to assess whether a regulator is following the proper steps and procedures—and to act when breaches occur.
- Simplify and reduce the number of conditions attached to project certificates. One condition should equal one requirement; and conditions should not be used to add review requirements that should have taken place earlier.
- Make sure the review timeline for pre-construction conditions lines up with project construction windows. Do not allow third-party involvement in this stage to impact construction from proceeding according to plan.

Achieve true federal and provincial review cooperation

The federal and provincial governments often share responsibility for regulatory reviews and permitting of major projects. This can work well, but only if all levels of government are on the same page, the process is clear, and there's no political interference between different levels of government.

Unfortunately, that's the exception more than the rule.

Competing, conflicting, or overlapping federal and provincial project reviews create uncertainty, increase costs, and discourage investment. Projects can end up in situations where each level of government that approves the project makes their approval conditional on different (and sometimes overlapping or contradicting) sets of requirements.

Canada needs to achieve the ideal of "one project, one window, one review," where governments work together to align or substitute their respective processes as much as possible. At the very least, they need to stay in their own lanes and coordinate project reviews to avoid duplicating efforts and wasting time because their political objectives are at odds.

Recommendations:

- Exercise federal paramountcy powers and seek legal resolution at the earliest opportunity if provincial and/or municipal permitting bodies frustrate federal review timelines.
- When both the federal and a provincial government have shared jurisdiction over project reviews, ensure that only one review takes place, whether by substituting one process for the other, or through joint agreement. This process should be timebound with no decision-making extensions.

End the bureaucratic disruption of narrow construction windows

Canada's rich natural environment is worth protecting. For this reason, Canadian law places restrictions on when major project construction can take place—to avoid disrupting animals' migratory, nesting, and spawning seasons; and/or when endangered species are least at risk.

These measures are important. But if companies are only able to work during certain time windows, then government officials need to make sure that all departments are working together, and that regulatory interference or delays don't cause those windows to be missed. A missed window adds months, if not years, to construction timelines.

On top of that, overzealous application of the letter of the law can lead government officials to demand perfection from companies in addressing environmental disruption, instead of accepting a genuine, though imperfect, effort to mitigate impacts. Even a singular, minor infraction can result in a compliance officer shutting down construction on an entire project.

To be clear, this is not an excuse for companies to be lax. But if a company misses a single bird's nest while screening for environmental impacts, there needs to be an appropriate balancing of the costs and benefits of shutting down the project to correct the error.

With the right oversight and a rebalancing of stringency, compliance officers and permitting bodies can work in a much more timely, reasonable, and coordinated manner and help ensure construction windows are not needlessly missed.

Recommendations:

- Prohibit on-site inspectors from stopping construction on an entire project unless there's evidence of project-wide negligence that can't be mitigated within existing environmental protection plans. Only allow localized stop-work orders for minor infractions.
- Federal acts governing permitting, such as the *Migratory Birds Convention Act* and others protecting wildlife, should **(1)** protect species, not individual specimens; and **(2)** enable habitat offset projects to ensure no net habitat loss.
- Create a body that oversees and coordinates major project construction permitting. It would set service standards and timelines for all permitting bodies; reduce duplicative Indigenous consultation; and work with a proponent to expedite permitting requirements before a project review is finished.

Reduce repetitive and inapplicable stakeholder interventions

The federal government's assessment and permitting processes allow the public to participate in and comment on proposed major projects. This participation is critically important for getting the buy-in needed to get projects built, especially from communities directly affected.

But since Bill C-69 (the *Impact Assessment Act*) came into effect, there are almost no restrictions on *who* can comment and provide input on a proposed major project. And this problem affects many federal agencies responsible for reviewing projects—including for agencies reviewing projects that don't meet the criteria to be reviewed under C-69.

Some individuals and groups are taking advantage of this, using the lack of rules to slow down and (eventually) kill projects by drowning the approval process in bureaucratic red tape.

Businesses are spending too much time addressing recurring and minute public concerns. This drives up project review costs, increases regulatory timelines, grows the bureaucracy, and dissuades investment and jobs in Canada.

It doesn't have to be this way.

With common sense parameters around who can participate and comment on reviews; and reducing repetitive comments that proponents are required to respond to, project reviews and permitting can be streamlined.

Recommendations:

- Re-introduce the concept of "standing" to limit public information requests during environmental assessments.
- Limit superfluous stakeholder interventions during project reviews and permitting processes by: consolidating similar stakeholder input; and reducing the burden on proponents to respond to stakeholders that aren't directly impacted by a project.
- Project review and permitting agencies should work with proponents to proactively evaluate and filter intervenors' requests so that proponents aren't forced to answer duplicative requests or requests that are addressed by adhering to existing laws.

Improve federal departments' internal coordination

Many government departments play a role in reviewing and permitting major projects. These include lead reviewing agencies like the Impact Assessment Agency, the Canada Energy Regulator, and the Canadian Nuclear Safety Commission; as well as other departments that assist them, like the Department of Fisheries and Oceans, Transport Canada, among others. For a smooth regulatory process from start to finish, all departments need to align towards a common goal.

In recent years, however, internal departmental coordination has not been working as well as it should.

A lack of alignment and coordination between departments has created duplication, undermining the authority of the agency in charge and its ability to shepherd along efficient review processes. This places an unreasonable burden on Indigenous rightsholders who end up being contacted by multiple agencies on the same issue, but at different times and with different expectations.

Furthermore, the lack of coordination means that a single department can become hyper-fixated on mitigating a niche or second-order risk; have different regulatory standards from one office or region to another; or even fail to stick to assessing information within their area of expertise. This increases red tape for companies and impacts the ability of a lead agency to enforce its timelines.

Recommendations:

- Empower lead review agencies to set and enforce a review's scope and strict timeline requirements for all federal departments involved. Update MOUs between lead agencies and other departments accordingly.
- Ground all review requirements and information requests to proponents in pre-established written requirements (legislation, regulation, directives, or bulletins). Proponents should be able to quickly appeal the validity of out-of-scope requests.
- Conduct a performance audit of DFO regional offices to make sure they all adhere to the same predictable permitting standards; and establish the top performing office as the minimum standard for all others.
- Improve review quality and speed across DFO regional offices by redeploying staff as needed to offices where project review demands are high; and create a pool of qualified professionals available for contract work when permitting processes require extra staff.

Solve for procedural "death by a thousand cuts"

Canada's major project approval processes often involve multiple departments and agencies, all of which conduct their own separate processes as part of the overall assessment. For the overall process to go smoothly, each department needs to coordinate with the others, respect timelines, and align to the goal of getting good projects approved quickly.

Unfortunately, this is not the case today.

A single point of failure in an overarching process can be hard to pinpoint, because there usually isn't one. More often, small issues and delays occur across multiple departments. They tend to:

- accumulate, undermining the efficiency of the entire review and construction process;
- interfere with key construction timeline pinch points; and
- cause unpredictability and poor collaboration across agencies.

Solving these challenges requires better mechanisms for internal and external critique of processes; and creating government-industry partnerships to address bureaucratic roadblocks.

Recommendations:

- Require the Treasury Board Secretariat to study ongoing project reviews and report to parliament and offer recommendations to solve the ways that small regulatory pain points impact whole-of-process regulatory efficiency.
- Set up a permanent, industry-led Major Project Partnership Council to meet quarterly and address regulatory inefficiency. Include regulatory experts in government, business, labour, and Indigenous groups.

Improve and streamline Indigenous participation in project reviews

Major projects, especially in resource development, can't be built without Indigenous consultation and full economic participation. Businesses, government and Indigenous Peoples all need to work together if projects are going to succeed. But for that to happen, government responsibilities, processes, and engagement efforts with Indigenous communities need to be genuine and clear.

The problem is that none of these things are clear right now. That's especially true with federal government consultation. Every government department involved in major projects conducts its own consultations, leading to heavy overlap and inefficiency, and creating delays in moving projects forward. On top of that, the quality of government engagement varies significantly depending on the department doing the consultations. That creates uncertainty for businesses, since they can't be sure that government consultations would stand up to a court challenge.

When it comes to economic participation, businesses should play a leading role. But governments can help by making sure Indigenous businesses and communities have adequate access to capital and the capacity training needed to maximize their economic benefit.

Recommendations:

- Provide project proponents with Indigenous consultation guidance that includes:
    - common guidance by project type
    - clear limits on consultation requirements
    - maps identifying Indigenous Peoples to consult
    - consultation expectations scaled by proximity of an Indigenous community
    - harmonized federal and provincial requirements
    - protections from legal challenges to the use of this guidance
- Co-develop with Indigenous Peoples a clear and broadly-accepted definition and approach to free, prior and informed consent.
- Clarify how the Crown discharges its duty to consult and accommodate, including how the Crown can leverage pre-existing relationships between Indigenous Peoples and proponents, while drawing clear distinction between the Crown's rights-based consultations and a proponent's benefit-sharing negotiations.
- Establish a centralized Indigenous Consultation Office to consolidate all Crown consultation. It should adopt a Crown-Indigenous nation-to-nation ambassador role and establish the scope and adequacy of all federal consultations.
- Compensate proponents for all losses incurred by the Crown's failure to adequately consult.
- Maintain the Indigenous Loan Guarantee Program to allow Indigenous Peoples to participate in project developments or equity partnerships.
- Alongside industry, co-fund capacity training to promote Indigenous expertise in project participation and the assessment of benefits and impacts.

Boosting Trade and Restoring Competitiveness

Canada's economy is stuck in a rut. And the threat of US tariffs has exposed our weaknesses on trade and competitiveness.

The facts are grim. Per capita GDP in Canada has declined in eight of the last nine quarters. Business investment remains below levels seen a decade ago. And productivity levels—the cornerstone of economic competitiveness and wage growth—are falling: Canadians are now about 70% as productive as their US counterparts, compared to around 80% 25 years ago.

Federal policy decisions and signaling effects are driving business and growth opportunities out of Canada. Canada's personal and corporate income tax system is an archaic and outdated model that is a disincentive to working and investing—exactly the opposite of the outcomes Canada needs. Over the last 10 years, Canadian investment in the US has grown three times faster than US investment in Canada. Meanwhile, Canada has turned down multiple opportunities for investment and trade diversification, notably with its refusal to produce more LNG for sale to Europe and Japan.

These underlying weaknesses have put Canada in a poor position to withstand the challenges created by the new Trump Administration. The US has long been our closest partner and ally but that has changed. President Trump has set his sights on Canada, with the looming prospect of economically devastating tariffs and vague threats of annexation.

It doesn't have to be this way.

Canada can't afford to let a good crisis go to waste. Threats from south of the border are a call to action to get our economic house in order; to place a renewed and overriding focus on competitiveness; to attract more investment to Canada and to strengthen our economy in the face of an increasingly uncertain future.

That means finally addressing issues like internal trade barriers, creating a more attractive investment climate, reviewing and approving major projects more quickly, exploring new global partnerships, and building the infrastructure we need to get our goods to markets that want them.

Here are some things Canada can do to boost trade and restore our global competitiveness:

- Remove barriers to interprovincial trade and mobility
- Create a tax and policy environment focused on innovation, investment and competitiveness
- Quickly address irritants in the Canada-US relationship
- Increase coastal access for Canadian energy
- Pursue new global trade agreements and export opportunities
- Invest in trade-related transportation infrastructure

Remove barriers to interprovincial trade and mobility

Canada is a trading nation, but we have a problem when it comes to the movement of goods, services, and people between provinces. In fact, it can sometimes be easier for companies to trade with other countries than to do business within Canada.

Canada relies heavily on international trade to keep our economy going, but with global trade tensions rising—like the US threatening tariffs—it's more important than ever to fix things here at home and start trading better with each other. Estimates show that the benefits of removing Canada's internal trade and mobility barriers would be felt across Canada:

- National GDP could rise by $80 billion, or 3.8%
- Average wages would rise by 5.5%, or about $1,800 per person
- Government revenues to fund social programming would increase by 4.4%
- Corporate profits would rise, attracting more investment to Canada
- Canadians will enjoy lower prices on goods and services
- Many workers will have better access to job opportunities across the country

Removing these barriers won't be easy. Doing so requires political will, especially from provincial governments. But leaving them up means unnecessarily hamstringing the Canadian economy at a time when we need laser focus on improving it.

While internal trade and mobility barriers are largely a provincial matter, the federal government can play a key role in continuing to remove its own exemptions under the Canadian Free Trade Agreement (CAFTA), and creating the environment and incentives to encourage provinces to eliminate barriers to trade and labour mobility.

Recommendations:

- Incentivize provincial and territorial premiers to reduce inter-provincial trade and mobility barriers immediately, starting with meeting the CAFTA eliminations made by former Alberta Premier Jason Kenney in 2019 within 90 days. The federal government should tie a portion of federal Equalization payments to progress on reducing these barriers.
- Work with provinces and territories to achieve mutual recognition of regulations, rules, standards, and policies, enabling the free movement of vehicles, labour, goods, and services across Canada.
- Work collaboratively with the provinces to simplify interprovincial skilled trades regulations so that immigrants in the skilled trades can work across Canada.

Create a tax and policy environment focused on innovation, investment and competitiveness

For years, Canadian government policies have focused more on redistributing wealth than on creating it, and we're seeing the consequences of those choices today. Business investment has been weak for years. Labour productivity is stagnant. And companies are increasingly looking to the US and elsewhere for better opportunities. A major part of the problem is that the Canadian tax system is a disincentive to working and investing.

The need to focus on taxation and the economy is especially urgent given what's happening south of the border. President Trump's plan to impose tariffs on goods entering the US is, in large part, intended to incentivize companies to set up or expand operations domestically. He has also made it clear that he wants to enact significant regulatory reform and tax cuts to make it even more appealing for companies to set up shop in the US.

Canada needs to respond. We need to act boldly and decisively to attract new investment to the country, and address our longstanding international gap in innovation and business scaling. Put simply, to withstand the challenges we face, Canada needs to create the most attractive and competitive business environment possible. That means Canada's next federal government must:

Recommendations:

- Conduct a review of tax policy in Canada with the goal of simplifying the overall system and ensuring that it incentivizes investment and re-investment, and rewards hard work.
- Ensure that business taxes in Canada are competitive with those in the US.
- Cancel plans to increase the capital gains tax on Canadians and businesses
- Allow a 100% exemption on capital gains tax payable if the proceeds are re-invested into another asset within 12 months.
- Exempt all profits invested in new capital, machinery and equipment from taxation. Only distributed profits would be taxable.
- Align patent laws with global standards and reduce the time, complexity and costs of obtaining them in Canada. Allow businesses and individuals to claim a tax deduction on costs associated with obtaining and protecting patents.
- Foster entrepreneurship and growth of innovative businesses by focusing innovation supports on commercialization and scaling production.
- Position Canada as a hub for ethical and responsible AI, industrial clean tech, ag-tech and digital infrastructure by strengthening industry-academic partnerships, modernizing IP laws, and scaling innovation. Invest in top research hubs, and foster regional tech clusters. Attract startups and investment through targeted incentives, streamlined regulations, and better capital access.

Quickly address irritants in the Canada-US relationship

Canada and the US have enjoyed perhaps the most successful trade partnership the world has ever seen. We are each other's largest export destinations, driven by how heavily integrated our two economies are. We don't trade with each other as much as we build things together; over 50% of all goods entering the US from Canada are the result of parent companies or subsidiaries effectively trading with themselves.

While recent actions south of the border threaten the Canada-US relationship to a degree none of us have seen in our lifetimes, this integration is not easily unwound. That means that, while diversifying Canada's export markets should be a priority, it will be a gradual and long-term process. There is no scenario in which the US will not remain our most important trading partner.

That makes it critical that Canada work with the US to move quickly to address the trade and non-trade irritants that exist between the two countries. Doing so in response to unwarranted attacks on our economy and sovereignty may not feel good, but it's the right move. The economic consequences of not doing so are too severe.

Recommendations:

- Quickly move to increase defense spending to at least two per cent of GDP.
- Address key irritants identified by the US administration, including by eliminating digital regulations such as the Digital Services Tax, the Online News Act, the Online Streaming Act, and the Artificial Intelligence and Data Act, which are seen by the US as targeting technology companies based there.
- Take immediate and concrete steps to address US concerns about illegal cross-border migration; and work with the US to clamp down on fentanyl production and smuggling in Canada, including further investment in border enforcement.
- Avoid unnecessarily antagonizing the US through actions like refusing to negotiate on supply management. The wider Canadian economy should not have to suffer to protect supply managed industries.
- Resist the temptation to impose dollar-for-dollar retaliatory tariffs on the US. Limit any such response to goods which have easily obtained and inexpensive substitutes from other sources.

Increase coastal access for Canadian energy

Part of the reason the Canadian economy has been stagnant in recent years is that, with a singular exception, government policy has been openly hostile to building pipelines to the coast and the increased energy production that would come with it.

Most of the opposition is for environmental reasons. But for as long as the world demands oil and gas, Canada should provide it. If we don't, someone else will. There would be no decrease in global emissions, only in Canada's strategic and economic strength. Public sentiment in Canada increasingly reflects this position.

The benefits are considerable. On the economic side, increasing access to tidewater would open new markets for Canadian energy producers, allowing them to expand production, receive a better price for their goods, and help reduce our reliance on the US market.

On the strategic side, it would enhance global energy security, make us stronger and more valuable to our international allies, and give us leverage in any current or future trade dispute.

Most importantly, however, the energy sector has some of the highest wages in Canada. Expanding production will create thousands of new, high-paying jobs, providing a better life for Canadians across the country.

All industry needs to make it happen is confidence that good projects will get approved in a timely manner; and the knowledge that the federal government will support and stand behind those projects.

Recommendations:

- Repeal the *Oil Tanker Moratorium Act*.
- Abandon plans to implement the Oil and Gas Sector Greenhouse Gas Emissions Cap.
- Signal strong support for developing globally significant capacity to export liquefied natural gas (LNG) and oil. Ensure the investment climate in Canada advances that goal.
- Support ways to build additional export capacity for Canada's goods and commodities including further pipeline development, LNG terminals, improved port capacity and performance, increased air cargo capacity, and a system of national infrastructure corridors.
- Reform Canada's system of major project approval and permitting as outlined in BCA's Future Unbuilt report.

Pursue new global trade agreements and export opportunities

Canada has prospered enormously from its relationship with the United States. However, the threat of tariffs from the Trump Administration has exposed the downside of that trade dependence.

Though export diversification is a longer-term goal, it must be embraced. One of Canada's assets in achieving this goal is that we have a broad network of free trade agreements in place that open markets around the world for Canadian exporters. That said, all too often, history has shown that new free trade agreements typically result in a surge of imports into Canada and relatively little in terms of new exports.

There are several reasons for this. One is that proximity, a common language and culture make the US an easy trading partner. Another is that we lack the infrastructure needed to get our most important export products to new markets. A third is that regulatory barriers, customer preferences and subtle non-tariff barriers outside the US can limit export gains. A fourth is that Canadian businesses tend to skew small, meaning they lack the resources needed to explore unfamiliar export opportunities.

In other words, signing new free trade agreements is important, but it's not enough.

Recommendations:

- Explore new free trade agreements with large and strategically important markets such as India, Brazil, and the UK.
- Work with allied countries to address non-tariff barriers to trade, especially for agriculture and agri-food products.
- Increase funding to support Export Development Canada's risk capital and direct EDC to take more risk when making allocation decisions.
- Conduct a performance appraisal of Global Affairs' support programs for trade diversification. Use the learnings to develop more effective export assistance for small businesses and new exporters.
- Support ways to build additional export capacity for Canada's goods and commodities including further pipeline development, LNG terminals, improved port capacity and performance, increased air cargo capacity, and a system of national infrastructure corridors.

Invest in trade-related transportation infrastructure

Trade generates two-thirds of Canada's GDP but a single customer (the US) accounts for most of it. In the face of tariff threats from the US, expanding trade, diversifying our exports and reaching new markets need to be cornerstones of Canada's future growth strategy.

But we can't expand overseas trade if we can't get our goods to market reliably, quickly and cheaply. Over the last ten years, Canada's trade infrastructure has been badly neglected. Businesses and international customers say it has rapidly deteriorated, and over 90% of Canadians think it is in bad shape. New capacity has not been built at the pace needed. Capacity limits in some modes of transit such as rail and pipelines make it difficult to respond to large swings in production, causing bottlenecks. And recent labour disruptions at our ports and major rail lines have called into
question the reliability of our entire trade transportation network.

On top of that, the rising cost of getting goods to overseas markets is hamstringing Canadian businesses. All the trade agreements in the world won't make a difference if transportation costs price us out of those markets before our goods even get there.

To attract investment, reach new markets and diversify our exports, Canada needs significant and sustained investment in our trade infrastructure network. It needs to be modern, efficient, and treated as an essential service. And it must grow as demand increases.

Recommendations:

- Build a long-term (25 year) plan to develop, grow and enhance Canada's trade
- infrastructure. This plan should be insulated against shifting short-term electoral priorities and focus solely on enhancing access to international markets. It should identify the most nationally significant projects that would improve or expand Canada's trade infrastructure and thus export potential, based solely on clear, objective economic criteria.
- Extend the National Trade Corridor Fund by at least 10 years (to 2037-38) and increase annual funding to meet infrastructure needs.
- Amend Canada's labour code to make labour disruptions in Canada's critical economic infrastructure preventable, and ensure collaborative collective bargaining.
- Invest in innovation and automation to improve efficiency and reduce operating costs at Canada's major ports.
- Ensure that fees charged at Canadian ports are globally competitive.
- Reform Canada's system of major project approval and permitting as outlined in BCA's Future Unbuilt report.

Building Canada into an Energy Powerhouse

Canada is endowed with the third-largest oil and fifth-largest natural gas reserves in the world. These prolific resources have provided hundreds of thousands of high-paying jobs, billions of dollars in government revenues and helped to advance important economic and social goals, notably Indigenous economic reconciliation.

But for too long, Canada hasn't allowed its oil and gas sector to realize its full potential.

Mired by burdensome regulation and uncertain or outright hostile policy, Canada has kneecapped its ability to produce and transport crude oil and natural gas to global markets quickly and competitively. These failures have reduced Canada's economic potential by scaring away investment, lowering wages, killing jobs, and making life more expensive.

What's more, Canada has overlooked the strategic value of our energy resources in protecting our sovereignty and strengthening our global influence. Geopolitical realities have shifted under our feet, but Canada's approach to developing oil and gas didn't adjust. Instead, Canada has rejected our allies' requests for access to our resources. Countries like Germany and Japan, who want to buy what we can offer, are now finding supply elsewhere.

In the quest to meet Canada's Paris Agreement commitments, we have sacrificed domestic growth and international influence, only to see our foregone emissions replaced by other countries.

And, as the United States threatens to impose tariffs on Canada, we are confronted with both the downside of our reliance on the US to buy our fuel, as well as our excessive dependence on the US for energy security in eastern Canada.

Fortunately, in the face of these threats, an unprecedented 80% of Canadians now support sea-to-sea pipelines in a bid to reduce Canada's reliance on trade with the US. We're in a window of opportunity to reverse the mistakes of the last decade-and-a-half by encouraging the development of the entire value chain of the oil and gas sector.

It's time to reaffirm Canada's sovereignty by embracing the potential of our collective resource base and becoming the responsible, sustainable energy powerhouse we ought to be. By doing so, Canada can create jobs, increase wages, protect our sovereignty, and fortify ourselves against the threat of tariffs.

Here's what Canada's next government can do to help create a national energy powerhouse:

- Champion Canada's homegrown industry and signal a desire for its growth
- Simplify climate policy and ensure it considers the industry's competitiveness
- Enhance Indigenous participation in project developments and reviews
- Fix Canada's major project approval processes

Champion Canada's homegrown industry and signal a desire for its growth

Canada has everything it needs to grow our oil and gas industry. We sit atop some of the world's most valuable reserves. We have a sophisticated workforce. We have willing international buyers. And we have a stable, democratic system of government.

The industry's success to date has been a major driver of prosperity in Canada. It has helped us achieve productivity gains, weather global financial crises, attract billions in capital investment, and create hundreds of thousands of high-paying jobs.

And yet, the federal government has spent the better part of the last decade openly hostile to oil and gas development, largely based on its belief that development runs counter to meeting Canada's Paris Agreement commitments. Pipelines were cancelled. Oil tankers were banned. Liquefied natural gas (LNG) projects were rejected. Greenfield production growth was denied. Canadians lost countless opportunities to diversify our trade partners, protect ourselves from the impacts of tariffs, and become an indispensable trade partner for our allies.

It didn't have to be this way, but we can still do something about it.

To reverse course, the federal government needs to reassert pride in Canada's responsible resource development. With a federal government that vocally champions the sector, investors will have the positive signal they need to invest again. And through its growth, Canada can realize the sector's strategic importance in securing our economic wellbeing and sovereignty—and reap the prosperity this generates.

Recommendations:

- Make a public announcement immediately upon taking office that Canada will allow and support oil and gas production to grow in line with global market demand—and that any government policies hindering this expansion will be removed.
- Issue a Cabinet Directive within 2 months of forming government that directs the Ministers responsible for energy development to: take immediate action to accelerate the approval of oil and gas pipelines, liquefaction facilities, and related infrastructure at key port locations.
- Repeal the Oil Tanker Moratorium Act as soon as possible.
- In the national interest, expedite the federal approval and permitting of all oil and gas pipelines, upstream production, and export terminals currently in the federal regulatory queue.
- Initiate a federally-led, industry-supported public education campaign to increase public awareness of the strategic importance of Canada's oil and gas resources, emphasizing their role in economic growth and global and domestic energy security and stability.
- Develop, in collaboration with industry, a national loan guarantee program that enables major project development to be provided with loan and project development guarantees.

Simplify climate policy and ensure it considers the industry's competitiveness

Canada should be known around the world as a reliable and responsible producer of oil and gas. When our allies come looking for supply to bolster their energy security, we should provide them with what they need—and do it while protecting the environment.

However, rather than promoting responsible *development*, the federal government has focused on over-regulating the sector. Impatient with the time it was taking for the industrial carbon price to show results, it introduced layer upon layer of uncompetitive and complex climate policy, hamstringing the industry's growth potential and driving away investment.

And what's more, Canada became hyper fixated on reducing emissions at home while ignoring the ultimate goal of reducing global emissions. We've seen huge investments, particularly in LNG facilities, flow to countries other than Canada. We lose out on the economic benefit, and the impact on global emissions remains the same as if we'd developed the resource ourselves.

For Canada's climate policy to encourage investment at home, it can't take the *development* out of responsible development; and it must take a global view of climate solutions. Investors need confidence that our policy and regulatory framework is stable, without which they cannot see a return on investment for their climate initiatives. And they need to know that climate policies are designed such that their core operations remain competitive with their international peers.

It's time to ensure investment is attracted to, and remains in, Canada by creating a stable, predictable, and globally competitive climate policy environment.

Recommendations:

- Canada should focus its industrial climate policy on a stable, predictable output-based carbon pricing system (OBPS) that ensures headline carbon price certainty over the long
- term. Accordingly, the federal government should repeal or cease the implementation of the Oil and Gas Emissions Cap, the Clean Electricity Regulations, the updated federal methane regulations for the upstream sector, and the greenwashing provisions added to the Competition Act.
- The internal review process for the federal OBPS benchmark should be conducted through competitiveness and national interest lenses. These lenses would:
    - Ensure our industry remains globally competitive, particularly with the US; and
    - Reflect the industry's geopolitical importance with regard to Canada's national, continental, and global energy security goals; and in protecting our sovereignty.
- Spur the development of carbon capture, utilization and storage (CCUS) by making projects tied to enhanced oil recovery qualify for the full federal CCUS Investment Tax Credit.
- Expand the pool of funding available for a broad-based carbon contracts for difference (CCfD) program capable of guaranteeing the long-term value of emissions performance credits and reducing the operational costs imposed by these projects.
- When signing international long-term natural gas supply agreements, pursue recognition of displaced emissions under Article 6.2 of the Paris Agreement.

Enhance Indigenous participation in project developments and reviews

The oil and gas industry knows that major projects can't be built without Indigenous consultation and full economic participation. Businesses, government, and Indigenous Peoples all need to work together if projects are going to succeed.

But for that to happen, government responsibilities, processes, and engagement efforts with Indigenous communities need to be genuine and clear.

The problem is that none of those things are clear right now. That's especially true with federal government Indigenous consultation. Every government department involved in major projects conducts its own consultations, leading to heavy overlap and inefficiency, and creating delays in moving projects forward. On top of that, the quality of government engagement with Indigenous communities varies significantly depending on the department doing the consultations. That creates uncertainty for businesses, since they can't be sure those consultations would stand up to a court challenge.

When it comes to economic participation, businesses should play a leading role. But governments can help by making sure Indigenous businesses and communities have adequate access to capital and the capacity training needed to maximize their economic benefit.

Recommendations:

- Provide project proponents with Indigenous consultation guidance that includes:
  - common guidance by project type;
  - clear limits on consultation requirements;
  - maps identifying which communities must be consulted given a project's location;
  - consultation expectations scaled by the proximity of an Indigenous community;
  - harmonized federal and provincial consultation requirements; and
  - protections from legal challenges resulting from the use of this guidance.
- Co-develop with Indigenous Peoples a clear and broadly-accepted definition and approach to free, prior and informed consent.
- Clarify how the Crown discharges its duty to consult and accommodate, including how it can leverage pre-existing relationships between Indigenous Peoples and proponents, while drawing clear distinction between the Crown's rights-based consultations and a proponent's benefit-sharing negotiations.
- Establish a centralized Indigenous Consultation Office to consolidate all Crown consultation. It should adopt a Crown-Indigenous nation-to-nation ambassador role and ensure that all federal consultations meet an appropriate standard.
- Compensate proponents for all losses incurred by the Crown's failure to properly consult.
- Preserve, and seek opportunities to expand, the Indigenous Loan Guarantee Program, which enables Indigenous participation in project developments and equity partnerships.
- Alongside industry, co-fund capacity training to promote Indigenous expertise in project participation and the assessment of benefits and impacts.

Fix Canada's major project approval processes

Developing and exporting our vast oil and gas resources is key to improving living standards, driving economic growth, protecting our sovereignty, and mitigating the impact of potential tariffs. But our existing major project review systems do not support these goals.

Under the *Impact Assessment Act*, projects of all types are mired in ever-expanding bureaucratic review and red tape; political interference; endless legal challenges; interprovincial squabbles; interdepartmental inefficiencies; and duplicative processes. Most oil and gas proponents do not want to build projects under this regulatory regime.

And that's just the project review process. If a project gets approved, the same list of problems happens all over again at the permitting stage.

The federal government has taken some steps to address these issues, but more needs to be done. We need a federal review system that is impartial, proportional, trusted, efficient, and predictable.

There are two ways to get there: reform the *Impact Assessment Act;* or replace it. The latter would allow the next federal government to start with a clean slate; but it needs to last. No business will invest in a major project if the review process changes with every federal election. In either case, major project review processes need to:

Recommendations:

- Clearly state the federal government's view that responsibly built oil and gas up-, mid-, and down-stream projects are in the public interest—even before a project review is underway.
- Limit federal assessments to projects and issues within federal jurisdiction.
- Remove a minister's power to designate a project for federal review by fiat.
- Ensure that decisions about whether to approve a project are made by an independent regulator, not by politicians at the end of a drawn-out process.
- Provide clarity from regulators on what information they need from proponents at each stage of a review—and not overstep these boundaries.
- Focus assessments on project-specific, unique, and material risks—not on low-risk activities with a history of successful mitigation. Adopt a trust-but-verify approach for low-risk activities.
- Advance reconciliation by fully including impacted Indigenous Peoples in reviews. Remove barriers to full participation; and provide full clarity on the roles of government, proponents, and Indigenous Peoples at the outset of a review.
- Provide strong leadership over reviews from a single lead agency. This agency should be the single window of communication to proponents, and be responsible for keeping all other involved departments on schedule and acting within their limited scope.
- Ensure a "one project, one review" approach by aligning or substituting federal reviews, when applicable, with provincial review processes as a preferred or primary approach.
- Demonstrate confidence in the review process by publicly championing approved projects.

Capitalizing on Our Agricultural Assets

Canada is home to some of the most fertile farmland, productive ranches, and cutting-edge agri-tech innovations in the world. This sector's combination of natural endowment and human capital has long been a driver of economic growth in Canada, and will continue to be so for the foreseeable future. Today, 1 in 9 jobs are in agri-food, and the sector continues to provide millions of jobs and generate billions in economic activity feeding Canadians and the world.

But there's still work to do to ensure Canadian agriculture reaches its full potential.

For one thing, Canadian farmers struggle to get their products to market. A combination of high transportation costs, labour disputes, and poor and unstable port performance undermine our global competitiveness before our agricultural products even leave the country. And tariffs and non-tariff barriers can hinder, or outright prevent, Canadian goods from reaching foreign markets.

What's more, Canadian farmers must navigate burdensome federal regulations affecting their everyday operations. These add costs and paperwork that farmers from many other countries don't have to deal with, further impacting the competitiveness of Canadian agricultural products.

And speaking of competitiveness, while the sector is innovating and developing new agricultural technologies, it could be doing more. Canada has unrealized potential in its research and development of disease- and drought-resistant crops, livestock treatments, as well as investments in value-added agri-food production.

To top it off, the industry is also experiencing severe labour shortages. Young people aren't going into agriculture, and the immigration system isn't suited for the unique needs of the industry.

However, we can turn this around.

By addressing transportation challenges, trade barriers, burdensome regulations, and labour

shortages, Canada's agriculture industry can reach its full potential as a global agricultural leader. Here's what Canada can do to grow our agricultural industry:

- Make agriculture and agri-food processing a top economic priority
- Invest in trade infrastructure and remove market access barriers
- Simplify and clarify agriculture- and food-related regulations
- Strengthen workforce capacity in agriculture

Make agriculture and agri-food processing a top economic priority

Agriculture is one of Canada's most important industries, contributing billions to the economy and playing a key role in global food security. But despite its importance, it doesn't hold the same level of prominence within the federal government as ministries like Natural Resources Canada.

Right now, agriculture is often left out of high-level decision-making, even though it faces many of the same pressures as sectors like energy and mining. Supply chain disruptions, trade barriers, and climate policies all have a direct impact on Canadian farmers, yet agriculture isn't always treated as a federal priority.

Giving the Agriculture Minister a stronger mandate and higher profile within Cabinet would help integrate farming and agri-food into national economic planning and long-term growth strategies. Beyond this, a stronger federal focus on agriculture would boost Canada's global competitiveness, strengthen food security, and create more opportunities for investment in the sector. Agriculture is already a pillar of the economy—it's time for government policies to reflect that.

It's also time to prioritize investment in agriculture, particularly in value-added activity. This means that Canada should encourage more agricultural processing right here at home, rather than shipping off our products to be processed elsewhere. Doing this would further boost Canada's global competitive edge.

Recommendations:

- Elevate the importance of the federal Minister of Agriculture within Cabinet.
- Publicly signal that agriculture is one of Canada's most strategically important industries
- and make it a priority growth area for federal economic policy.
- Improve digital infrastructure to support precision agriculture and enhance rural connectivity.
- Using Alberta's Agri-Processing Investment Tax Credit (APITC) as a model, provide tax credits to businesses who invest in projects to build or expand value-added agri-processing facilities in Canada.

Invest in trade infrastructure and remove market access barriers

Canada is one of the largest agriculture exporters in the world. We are in a prime position to meet global demand for reliable and nutritious food sources, but to do so, Canadian agriculture producers need to get their products to market quickly, reliably and cost-effectively.

Right now, port congestion, the threat of labour disputes, and outdated infrastructure prevent that from happening. Meanwhile, localized resistance to port expansion, performance improvement, and automation reduce capacity and efficiency, and keep transportation costs unnecessarily high.

On top of that, agri-food producers continue to face market access barriers abroad. Bans on GMO products in some countries, the threat of new US country-of-origin labeling requirements, and other similar non-tariff barriers have limited our growth potential. Meanwhile, Canada's insistence on defending supply management in trade negotiations often results in trade concessions that restrict other, more export-oriented Canadian producers.

Recommendations:

- Direct the Canada Infrastructure Bank (CIB) to introduce funding programs or financial resources specifically allocated for agricultural infrastructure projects.
- Develop a long-term (25 year) plan to develop, grow and enhance Canada's trade infrastructure. This plan should be insulated against shifting short-term electoral priorities and focus solely on enhancing access to international markets.
- Extend the National Trade Corridor Fund by at least 10 years (to 2037-38) and increase annual funding to meet infrastructure needs.
- Increase funding to support Export Development Canada's risk capital with a focus on supporting more agriculture-related exports.
- Amend Canada's labour code to make labour disruptions in Canada's critical economic
- infrastructure preventable and ensure collaborative collective bargaining.
- Mandate investment in innovation and automation to improve efficiency and reduce operating costs at Canada's major ports. The goal should be for Canada to have the most sophisticated and technologically advanced ports in the world.
- Expand Canada's network of free trade agreements and work with foreign governments to remove non-tariff barriers to trade that limit exports of Canadian agri-food products.
- Resist pressure to re-introduce legislation like Bill C-282 which sought to prohibit Canada from negotiating concessions on supply management in future trade agreements.
- Use FCC dividends for agriculture related infrastructure projects rather than directing it to general government revenues.
- Dismantle or modernize supply management such that it is not a barrier to competitiveness, future trade agreements or affordability for Canadians.

Simplify and clarify agriculture- and food-related regulations

A strong and efficient agricultural sector is fundamental to Canada's food security, economic stability, and rural livelihoods. However, this requires a functional, stable, and supportive regulatory framework. Right now, the regulatory system is holding the industry back.

The agri-food industry operates within a complex, multi-stage supply chain that intersects multiple government departments, often leading to fragmented oversight and regulatory bottlenecks.

Outdated compliance measures create unnecessary burdens, while a lack of coordination results in inefficiencies that hinder sector growth.

On top of that, recent policies meant to reduce Canada's GHG emissions unnecessarily target agriculture and add yet another layer of complexity, confusion and cost. The fuel tax raises costs for grain drying, heating, and transportation. And the 30% fertilizer emissions reduction target lacks clear guidelines, leaving farmers unsure of how to comply without harming productivity.

Additionally, overly restrictive and unpredictable pesticide regulations not only stifle sector innovation but also limit farmers' ability to manage pests effectively. These regulatory and financial pressures create an environment of uncertainty, undermining the sector's ability to compete, expand, and drive innovation in an increasingly demanding global economy. Addressing these challenges through targeted reforms will strengthen Canada's agricultural sector, improve competitiveness, and ensure long-term sustainability.

Recommendations:

- Eliminate the carbon tax on all agricultural inputs and operations.
- Scrap the 30% emissions reductions target from fertilizer use, or ensure it remains voluntary.
- Improve the responsiveness and performance of the Canada Food Inspection Agency (CFIA), specifically by working with labour representatives to increase the available hours of CFIA inspectors during peak times.
- Involve industry stakeholders in any new packaging label requirements.
- Implement regulatory practices that make Canada a more attractive market for registering and innovating new pest control products, with a focus on reducing the uncertainty of the Pest Management Regulatory Agency's regulatory outcomes.
- Require a thorough assessment of suitable alternatives before canceling or amending pesticide product registrations.
- Strengthen intellectual property protections to encourage investment in Canadian-developed agricultural innovations.
- Publicly champion the benefits of science, technology, and innovation related to agriculture and agri-food.

Strengthen workforce capacity in agriculture

Businesses across Canada's agriculture sector are facing growing challenges in recruiting and retaining both skilled and unskilled workers. Too few young people are entering post-secondary programs in agriculture, and permanent immigration streams are not filling the gap. And the Temporary Foreign Worker Program, which many agri-food businesses rely on, is facing an uncertain future.

The problem is expected to get worse. Projections from a 2019 RBC report show that the number of unfilled agricultural jobs will rise from 63,000 in 2017 to 123,000 by 2029.

The issue is further exacerbated by the rapid technological transformation within the industry, particularly the rise of precision agriculture, which demands a new and evolving skill set that many workers are not yet trained to meet. Building an agriculture workforce for the future is paramount to preserving the economic benefits this sector provides.

At the same time, Canada isn't investing enough in the research and development that could help reduce the need for manual labour in agriculture. Sophisticated new machinery and equipment have the potential to transform and automate many farming activities, making it less dependent on labour. Other countries are already investing heavily in agri-tech, giving their farmers a competitive edge, while Canada risks falling behind.

To address workforce issues in agricultural industries, Canada's next federal government should:

Recommendations:

- Work with the provinces and post-secondary institutions to support employment placement programs and training that encourage students to explore careers in agriculture.
- Explore ways to attract high-skill immigrants who are farm operators, such as through proactive recruitment strategies coordinated by Canada's Chief International Talent Officer.
- Preserve and streamline the agriculture industry's ability to utilize the TFW program.
- Encourage universities to break down silos between faculties while highlighting agriculture in STEM programs.
- Reverse recent cuts to the Provincial Nominee Program to allow provincial governments to select potential immigrants with the specific agriculture-related skills they need.
- Encourage the private sector to invest more in agricultural innovation through tax credits linked to innovation efforts.

Rebalancing our Environmental Policy

Canada prides itself on its commitment to sustainability and protecting the environment—and for good reason.

But for much of the last decade, Canada's environmental policies have harmed business

competitiveness, chased away investment, and reduced affordability and high-paying jobs. And it did all this while having no discernible impact on global emissions.

Rather than relying on a simple, market-based climate policy, the federal government became impatient with industrial carbon pricing and introduced layers of complexity to its climate policy. Emissions reduction targets were regularly changed, sectors and regions were unfairly targeted, and investment has been chased to other countries.

Put simply, the federal government's promise of a green economy and energy transition haven't panned out. Its climate rhetoric has not matched the pocketbook realities that Canadians feel, it has needlessly hindered the export of our most valuable commodities, and the long-promised green jobs bonanza has yet to materialize.

Alberta businesses in particular have been the unfair target of layers of federal climate policy. Alberta has expanded its primary economic drivers significantly over the years to meet global demand. The problem is that these industries are all very hard to decarbonize and happen to be concentrated in one part of the country.

To be clear, this doesn't mean that addressing climate change and responsibly managing business's environmental impact don't matter. Far from it. In fact, it creates opportunities for developing in-demand, climate-friendly technologies and materials at a massive scale.

But Canada can't continue chasing domestic emissions reductions at the cost of capital flight. We need to simplify our regulatory complexity and get projects built faster. We need to reduce

domestic industrial emissions while expanding our industries and maintaining a competitive edge. We need to protect our people and businesses from the impacts of climate change. And we need seize the opportunity to sell the resources and technologies the world needs to advance climate

action.

With the right policies in place, Canada can create prosperity, reduce global emissions, attract investment, and ensure climate resiliency while creating jobs and maintaining competitive businesses.

To rebalance our environmental policy, the next federal government must do the following:

- Maintain competitiveness while reducing emissions
- Promote climate resiliency and adaptation
- Become a reliable supplier of industrial clean tech solutions and materials

Maintain competitiveness while reducing emissions

For the last ten years, the federal government's approach to climate policy has been to layer an ever-growing number of new, complex regulations on top of those already in place because it didn't trust its own industrial carbon pricing policy to move the needle fast enough.

For example, oil and gas producers in Alberta have to navigate the province's carbon pricing system while analyzing the likely impact on their investment decisions of existing or impending clean fuel regulations, clean electricity regulations, methane regulations, the oil and gas emissions cap, and any number of tax incentives and pools of government funding. Before the dust settles on how one major regulation or program works, another is being added on top.

Ironically, this "policy pancaking" has paralyzed investment in climate initiatives as well as growth. Every time a new policy is introduced, companies have to go back to the drawing board to re-assess the viability of a proposed investment. The result is lost investment, reduced competitiveness, capital flight and no discernible impact on global emissions.

As long as the world wants more of what we are good at producing, we should provide it, while

doing so as environmentally responsibly as possible. Our key industries need a predictable, market- based climate policy that sends the right investment signals—both to reduce carbon and to grow their business. This is the lowest cost path to mitigating global climate change.

Recommendations:

- Canada's industrial climate policy should rest on a stable, predictable output-based carbon pricing system (OBPS) that ensures headline carbon price certainty over the long term.
- Accordingly, the federal government should repeal or cease the implementation of the Oil and Gas Emissions Cap, the Clean Electricity Regulations, and the greenwashing provisions added to the Competition Act.
- The internal review process for the federal OBPS benchmark should be conducted through competitiveness and national interest lenses. These lenses should:
    - ensure our industry remains globally competitive, particularly against the US; and
    - reflect and consider the strategic geopolitical importance of Canada's oil and gas industry; and its importance in protecting our sovereignty.
- Spur the development of carbon capture, utilization and storage (CCUS) projects by making projects tied to enhanced oil recovery eligible for the federal CCUS Investment Tax Credit.
- Expand the pool of funding available for a broad-based carbon contracts for difference (CCfD) program capable of guaranteeing the long-term value of emissions performance credits and reducing the operational costs imposed by these projects.
- Publicly signal Canada's willingness to sign international long-term liquified natural gas (LNG) supply agreements with our allies; and pursue recognition of displaced emissions from liquefied natural gas exports under Article 6.2 of the Paris Agreement.
- Do not jeopardize our international trade agreements by introducing carbon border adjustments.

Promote climate resiliency and adaptation

The number of extreme weather events that happen in Canada every year is increasing. Climate change is expected to result in record heat waves, wildfires, drought, flooding, and severe rainfall becoming more common. But it doesn't matter whether specific events can be attributed to climate change or not. The fact is, they're happening. And we need to adapt.

Better disaster resilience is key to preventing excessive strain on our emergency response systems; preserving the reliability of our supply chains; protecting our food supply; and safeguarding our communities.

Estimates suggest that the insured damage cost of severe weather events last year was $8.5 billion. As these events become more common, they will increase insurance costs or reduce the scope of coverage, require more frequent infrastructure repair or, in extreme cases like Jasper last year, put entire towns at risk.

But that's just the direct cost. The National Climate Institute estimates that by 2025 Canada's GDP will be $25 billion lower than it would have been without the impacts of climate events.

Canada needs to plan for this uncertainty and ensure our people, industries, and infrastructure are resilient in the face of extreme weather.

To that end, Canada's next federal government should:

Recommendations:

- Accelerate the implementation of the Government of Canada's Adaptation Action Plan, with a focus on developing severe weather early warning systems, protecting infrastructure, forests and farms, and ensuring that disaster insurance is available and affordable for all Canadians.
- Enhance funding for the National Disaster Mitigation Program (NDMP) to support investment in key adaptation-related infrastructure in areas such as flood mitigation.
- Improve forest management on federal Crown lands and in national parks, including more widespread use of controlled burns, strategic thinning, and creating wider buffer zones to protect vulnerable areas.
- Use the Canadian Forest Service (CFS) to facilitate sustainable forestry management practices, modeled on successful approaches in Sweden and Finland:
  - Early and commercial thinning to support tree growth, reduce wildfire risk, and enhance local fiber supply.
  - Use residual forest product waste management practices to improve sustainability and repurpose biomass for clean energy production.
  - Adopt disease prevention and pest management strategies to protect forest health.
- Support Indigenous led forest management initiatives to advance both economic development and reconciliation efforts.

Become a reliable supplier of industrial clean tech solutions and materials

The world needs to dramatically reduce greenhouse gas (GHG) emissions to stave off the worst effects of climate change. We know that burning fossil fuels is the largest source of human-generated emissions.

But transitioning away from them will be harder than many people think.

For one, there is a reason oil, gas, and coal are so widely used: They are abundant, cheap, energy-dense, and easily transported. No other energy source offers all four advantages. And, as Vaclav Smil argues, our quality of life completely depends on them because they are irreplaceable in the production of our civilization's most important materials.

This means that policies to stifle energy production at home, only to watch market share move away and global emissions remain intact, won't work. We need to focus on technological solutions: abating/capturing emissions; developing replacement products; and discovering/adopting new production processes.

Not only would progress in any of these areas reduce global emissions, it would also create valuable products and technologies that could be sold around the world. That's where the next federal government's environmental policy should focus. To get started, it needs to:

Recommendations:

- Launch an international campaign to promote Canada's heavy industrial base as a 'living lab' for the world's best and brightest to research, develop, scale, and export their industrial clean tech innovations. Work with provinces to create the industrial innovation and regulatory sandboxes necessary to supercharge these efforts.
- Jump-start innovation in clean tech by eliminating all taxes on business re-invested earnings. If that approach is not taken, pass the proposed Clean Technology Manufacturing Investment Tax Credit, and commit to conducting an annual review of the credit to ensure:
    - its eligibility includes all equipment necessary to: more cleanly manufacture in-demand materials; develop lower-carbon material substitutes; and develop marketable use cases for captured carbon.
    - the size/availability of the full credit is adjusted according to global demand for materials.
- Mandate Global Affairs Canada to take an active role in establishing bilateral agreements, or templates for future agreements, under Article 6.2 for sharing emissions reduction credits for the sale of low- and lower-carbon materials, goods, and clean technology solutions.
- Per a Public Policy Forum recommendation, support our oil and gas industry's world-leading methane reduction technologies by exploring Article 6.2 bilateral agreements as a pre- condition for countries accepting Canadian funding from the Global Methane Initiative or Canadian supports through the Net-Zero Producers Forum.