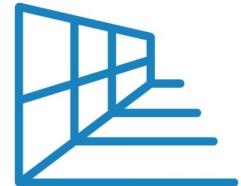


# The Council Perspective



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## Reflections on the Building Canada Act

Does the Building Canada Act miss the real need to improve Canada's regulatory environment?

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THE COUNCIL PERSPECTIVE

## Highlights

- > The *Building Canada Act* aims to accelerate select major projects but risks missing the broader need to improve Canada's regulatory system.
- > The Act lacks clarity on approval timelines and selection criteria, raising concerns about transparency and consistency.
- > We need to establish a globally competitive benchmark for timely project approvals. This exercise should identify where or how our system fails to meet standards in other jurisdictions.
- > An independent organization should provide third-party assessments to avoid politicization and show how well projects meet the stated criteria.

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One of Prime Minister Mark Carney's early achievements was the passing of [Bill C-5](#). Part 2 of this Act is the *Building Canada Act*, which is designed to accelerate approval of certain projects deemed to be in the national interest to enhance regulatory certainty and investor confidence.

We are supportive of the need to move faster, particularly in terms of regulatory approvals. But the Act, and related Throne Speech commitments on this topic, raise some fundamental questions about regulatory approvals in Canada. In focusing our attention on a few projects, we seem to be missing the need to improve the regulatory system overall and risk undermining the intention of good regulations.

### What does the Act mean by accelerated approvals?

The *Building Canada Act* is silent on how much time will be saved in the approval process, but it does reference the option to create an office to coordinate the exercise of powers under the Act and to serve as a source of information and single point of contact for the proponents of projects that are in the national interest.

The [Speech from the Throne](#) is quite explicit on what accelerated approval means: “Through the creation of a new Major Federal Project Office, the time needed to approve a project will be reduced from five years to two; all while upholding Canada’s world-leading environmental standards and its constitutional obligations to Indigenous Peoples.”

Where do these timelines come from? The existing [Impact Assessment Act](#), which came into force in 2019, indicates that the timeline for approvals under that Act can take from up to 1.5 to 2.5 years depending on the nature of the assessment required. Proponents have up to three years to submit their impact statement as part of this process, so the total legislated timeline is anywhere from up to 4.5 years to 5.5 years, unless the proponent needs more time to prepare their impact statement.

However, [some studies](#) indicate that, prior to 2019, it took an average of about 3.5 years to complete a federal project approval process but timelines had ranged up to 10 years. After 2015, projects were more likely to be rejected by regulators or terminated by proponents. No project has yet to successfully complete the *Impact Assessment Act* process, according to [one source](#). Therefore, the current actual timelines for federal approval are unclear.

It would be helpful for the federal government to clarify the nature and basis of its goals for accelerated approval timelines. The rest of this article takes these federal approval timelines at face value.

**If we can cut the regulatory approval timeline by three years (60%) for a few select projects, why can't we do this for all projects?**

There have been concerns for years that Canada is [losing its attractiveness for investment](#). [Slow approvals](#) are a major issue, especially for larger or more strategically important natural resource projects.

While the Throne Speech commitment and subsequent *Building Canada Act* may be a way to demonstrate action, it falls short of what is really needed. The Act may improve timelines for some projects, but might not improve regulatory certainty and investor confidence due to the nature of the approval process, and it introduces new risks, as [others have noted](#).



We need a systematic examination of our regulatory system to establish a globally competitive benchmark for timely approvals. This benchmarking exercise should also identify where or how our system fails to meet the standards in competing and comparable jurisdictions. For example, benchmarking studies of the Newfoundland offshore regulatory system were conducted in recent decades. We should do the same for all major types of projects, whether mining or energy production, electricity transmission or pipelines, or transportation infrastructure. And if provincial approvals are also required, include those in the assessment as well.

Having faster benchmark approvals does not have to mean compromising environmental protection or consultations with Indigenous peoples and other parties. Many groups have raised concerns about this despite the *Building Canada Act* committing to upholding rigorous environmental standards and Indigenous consultation.

However, it does mean designing effective systems that provide clarity, certainty and consistency for investors. These systems must achieve the objectives of the regulation in a way that still makes it attractive to invest in Canada.

Given the current housing crisis, we should also adopt the same approach for permit approvals issued by municipalities. Let's create national and international benchmarks, followed by a scorecard to track performance.



## Why are we focused on cutting three years from the approval process?

If it takes 18 years from [discovery to commercial production](#) of a new mine in Canada, does saving three years in the federal approval process actually make a material difference? Perhaps. Canada's lead time is two years longer than the global average, three years longer than Australia and four years longer than the US. The permitting process is often regarded as the cause of these longer lead times in Canada.

The value of undertaking a benchmarking exercise is that it will show exactly how much time we need to trim from our regulatory approvals and where or how we can best do this. Three years seems arbitrary. And if we can really cut three years just with Cabinet review and approval, then why could we not do this before or, with a modified system, do this for all projects?

## Who decides which projects are in the national interest and how?

A designated Cabinet minister (which appears to be the same one for all projects, whether trade, energy or transportation—will this be the Prime Minister?) will decide which projects get fast-tracked. Under the Act, the Governor General (Governor in Council) exercises this authority on the advice of the designated minister, presumably with support from Cabinet (King's Privy Council for Canada).

The *Building Canada Act* provides very general criteria to determine which projects are in the national interest. The preamble includes, but does not seem to limit, projects which:

- > foster the development of economic and trade corridors
- > connect different parts of the country and get goods to market
- > strengthen Canada's ability to trade
- > enhance the development of Canada's natural resources as well as its energy production and infrastructure

The Act's purpose refers more broadly to enhancing Canada's prosperity, national security, economic security, national defence and national autonomy. These are articulated more specifically in the Act as projects that can:

- > strengthen Canada's autonomy, resilience and security
- > provide economic or other benefits to Canada
- > have a high likelihood of successful execution
- > advance the interests of Indigenous peoples
- > contribute to clean growth and to meeting Canada's objectives with respect to climate change

According to the Act, the Governor General "may consider **any factor** that the Governor in Council **considers relevant**", including the five articulated factors (emphasis added). Presumably, a project which ticks all five boxes in some way, along with some other benefits, are more likely to be fast-tracked. But the criteria provide considerable ambiguity with broad scope for discretion.

Political considerations will have to play a role. The Minister must consult with any other federal minister, provincial/territorial government they deem appropriate, along with Indigenous peoples. The Act incents Premiers and proponents to lobby for projects that benefit their provinces or regions, irrespective of the merits of the projects on national or regional basis. If the selected projects are not seen to benefit every province and territory, then they will not be truly seen as in the national interest. But how do we ensure projects benefit Canada and every region?

The Act is also silent on how projects are assessed. How do we rank multiple projects, especially if they support the national interest in very different ways? And how many projects will we or should we fast-track?

There would be value in an independent organization providing a third-party assessment to inform the Minister's decision, thereby supporting public dialogue on the rationale for fast-tracking certain projects. Its analysis would show how well projects meet the stated criteria, along with other potential benefits.



## How will the federal government ensure “one project, one review”?

The existing *Impact Assessment Act* came into force in August 2019, with amendments in 2024 following a Supreme Court challenge. The Act was intended to lead to more timely and predictable project reviews, while protecting the environment and fostering reconciliation. Clearly the current Liberal government does not see the Act as meeting the needs of this country for timely approvals.

A goal of the *Impact Assessment Act* is “one project, one assessment”. The Act “streamlines the process and improves coordination with the provinces and territories to reduce red tape for companies and to avoid duplicating efforts in reviewing proposed projects”.

Again, it must not be working. The 2025 Throne Speech, following its statement on the major projects office, goes on to say that “the Government will also strike co-operation agreements with every interested province and territory within six months to realize its goal of “one project, one review”.

The government wants to ensure federal and provincial or territorial approvals are coordinated so they work together to accelerate approval timelines. This makes sense. However, it is unclear how these agreements will work and how they will differ from the processes under the *Impact Assessment Act*. Presumably provinces and territories will only co-operate if the federal government designates projects for fast-tracking that the province or territory favours being advanced.

## The bottom line

We seem to be missing an opportunity and the urgent need to improve the broader approval process in Canada. Project proponents need clarity, certainty and consistency in the regulatory framework, with processes that are concise (timely) and competitive with other jurisdictions.

A systematic international benchmarking exercise of regulatory approvals would provide evidence-based targets for how long our approvals should take and how to improve them to ensure Canada is a globally competitive place to invest.

Even with the new processes envisioned in the *Building Canada Act*, an independent assessment of projects would provide a more rigorous and objective evaluation of which projects are in the national interest, why and to what degree.

The federal government seems to be focused on fast-tracking a relatively small number of projects. It has considerable discretion over the process, which introduces new dynamics and risks. This process will likely attract a lot of political attention as proponents and premiers lobby for their preferred projects.

**Let's improve the regulatory environment for all projects,  
not just a select few.**

