INSTITUT C.D. HOWE INSTITUTE
Trusted Policy Intelligence | Conseils de politiques dignes de confiance

Intelligence MEMOS

June 11, 2026

From: George Vegh and Kate Koplovich
To: 'Nation Building' Observers
Re: THE *BUILDING CANADA ACT* WON'T ACTUALLY BUILD ANYTHING IN CANADA

The number of oil and gas projects in Ottawa's major project **inventory** has fallen by 76 percent from its 2017 peak. This demonstrates a sustained erosion of investment confidence in Canada's energy sector over the better part of a decade.

To spur investment in natural resources, mining and electricity, Parliament enacted the Building Canada Act (BCA) last June to "urgently advance projects throughout Canada." Almost a year later, and without designating any projects under the BCA, Ottawa has now **announced** further reforms aimed at "Getting Major Projects Built in Canada."

These reforms reflect the recognition that the current system isn't working. Numerous **reports**, **studies**, and **indices** have concluded Canada's reputation as a place to invest and build has deteriorated. Meanwhile, everyone agrees that when project approvals become politicized, and regulators are asked to weigh broad policy factors, it reduces confidence in the Canadian system.

Rather than creating a clearer and more predictable approvals framework, these changes expand federal discretion and further politicize the regulatory process.

The BCA doubles down on political decision-making. First, cabinet, ministers, and – in reality – the Prime Minister's Office, are granted virtually unconstrained discretion to control both the decision on ultimate approvals along with the process to which national interest projects should be subject. This includes the removal or amendment of current legislation or other rules that apply to national interest projects.

With this control, Ottawa can determine the outcome of the hearing prior to the consideration of evidence, and regulators will in essence go through the motions of conducting a review to produce a record that supports the government's political determinations.

Moreover, it is not clear whether the BCA process replaces the existing process or actually adds to it. The BCA states that designation does not exempt a proponent from taking all measures it is required to make under enacting legislation, the *Canadian Energy Regulator Act* or *Impact Assessment Act*, to receive authorization. This suggests the CER and Impact Assessment Agency continue to conduct a regulatory review based on existing legislation. This raises new uncertainties and gives the minister ultimate discretion to consider a limited set of factors when issuing a green light.

Even in areas where regulatory review is required, such as safety and environmental impact, the BCA adds new considerations that do not precisely jibe with what needs to be considered under existing legislation. For example, the current CER Act requires consideration of how a pipeline may affect the protection of property and the environment. The BCA only requires consideration of safety and security of regulated facilities. While it is easy to say that the minister would in fact continue to consider the factors within the CER Act, the BCA doesn't require it.

Indeed, the BCA does not solve the problem that current proceedings require assessments on a wide range of policy that bear little relation to direct project risks.

Hearings on policy issues like the intersection of sex and gender, and whether the effects of the project hinder or contribute to the government's ability to meet its environmental and climate change obligations can dissolve into a time-consuming policy debate among proponents and intervenors.

Project reviews should instead focus on core risks, such as safety, environmental impact, and the adequacy of Indigenous consultation. Especially since the types of projects being referred, and other major projects, are often those with known adverse effects.

And what to make of the Major Projects Office's role in these reforms? The BCA gives this office a limited coordinating function, while its website describes its role in broader terms, causing further confusion.

The project office states it is tasked with evaluating projects for submission and referral to the MPO itself. However, the BCA states projects require evaluation and recommendation by the minister prior to being referred.

Next the MPO states it will recommend whether projects should be designated as national interest projects. This contrasts the BCA, which requires this evaluation to be done by the minister following consultation with provinces and territories, and Indigenous peoples, on whether to order the formal designation.

Finally, the MPO states its mandate includes resolving policy or regulatory challenges and reduced risk, providing financial structure or investment support as well as Indigenous engagement and consultation guidance. The BCA does not empower it to conduct these activities and it is unclear how a proponent (likely an experienced and well-financed company) might benefit from MPO coordination rather than existing federal departments, and the various funding agencies, such as the new Canada Strong Fund, Canada Infrastructure Bank, or the Canada Growth Fund, all of which have already committed to better coordination.

Taken together, we argue the BCA and the MPO's processes will not streamline project approvals nor improve predictability or good practice in Canada's regulatory system.

George Vegh is a Senior Fellow at the Munk School of Global Affairs & Public Policy. Kate Koplovich is a Senior Policy Analyst for Energy with the C.D. Howe Institute.
*To send a comment or leave feedback, click **here**.*