

# CANADIAN CONSTRUCTION InSITES

## Feds Must Deliver on Efficient Permitting Promise



**Heather Cruickshanks**  
Chair, Merit Canada

The clock is ticking on one of the most important promises in the last federal budget – a commitment to produce “a concrete plan to improve the efficiency of the impact assessment and permitting processes for major projects” by the end of this calendar year.

Planning to have a plan isn’t exactly the level of urgency this issue deserves.

But solving a problem often begins with acknowledging you have one – and Canada has a very big problem indeed with respect to permitting efficiency, or lack thereof.

We have an incredible endowment of energy and other natural resources in this country. And whether it’s low-carbon conventional fuels, emerging energy solutions like hydrogen,

or a range of critical minerals, global markets are clamouring for them.

Yet the federal government has an almost cavalier attitude to the nation-building opportunities before us, and is seemingly determined to tie up projects in regulatory complexity that slows them down and adds costs. In more cases than not, projects simply don’t proceed at all.

It’s little wonder then that our ability to attract needed investment capital – and to thereby maintain and improve our living standards – is faltering badly. So much so

that outbound investment has exceeded inbound investment every year for nearly a decade.

The solutions involve clarity, common sense, and regulatory innovation. Other countries are doing it and so can we. The world needs our resources and Canada deserves the economic opportunity those resources represent. There is simply no more time to waste.

***“The solutions involve clarity, common sense, and regulatory innovation.”***

## Efficient and Effective Permitting Processes are...



**TIMELY** – Clear milestones and fixed deadlines



**DEPOLITICIZED** – Predictable, evidence-based and expert-driven outcomes



**HARMONIZED** – “One Project, One Review”



**CONSISTENT WITH RECONCILIATION** – Effective Indigenous participation and clear guidance for proponents



**CORRECTLY SCOPE** – Depth of review proportionate to risks involved; participants limited to those with clear interests and direct linkages

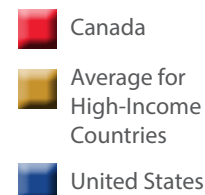
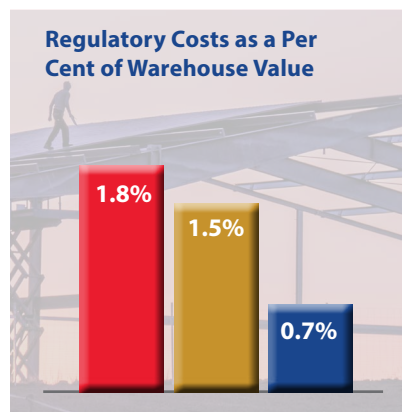


**BENCHMARKED AND CONTINUOUSLY IMPROVED**

# Canada Lags Globally on Permitting Efficiency

## Simple Construction Permitting Take Months

In the World Bank's Ease of Doing Business analysis, regulatory efficiency is a glaring weak spot for Canada, with permitting and regulatory procedures for even a simple construction project taking much longer and costing much more than elsewhere.

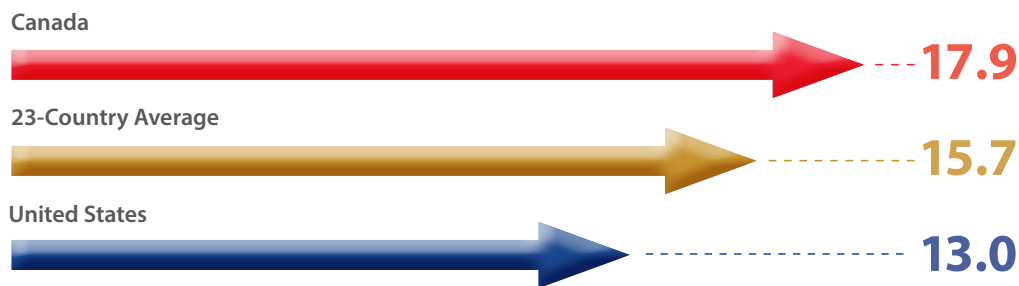


Source: World Bank "Doing Business 2020"

## Getting a Mine Into Operation Takes Years

Mine development is more urgent than ever given that various minerals are critical to our efforts to cut carbon emissions. But while Canada has great mining resources and talent, the regulatory drag means it's a long haul to get projects into production.

### Number of Years to Complete All Phases of Mine Development



Source: S&P Global Market Intelligence Analysis (P. Manalo); June 6, 2023

## We Are Moving in the Wrong Direction

The federal *Impact Assessment Act* (Bill C-69) became law in 2019. The evidence so far suggests it has failed miserably in its stated mission to speed up and streamline regulatory review. A decision on a constitutional challenge of the law remained outstanding at the Supreme Court of Canada when this publication went to print.

**Deadline to complete new "Planning Phase" of project review:**  
**180 DAYS**

**BUT, the clock can be stopped** for various reasons (e.g. broad information requests from the **Impact Assessment Agency**)

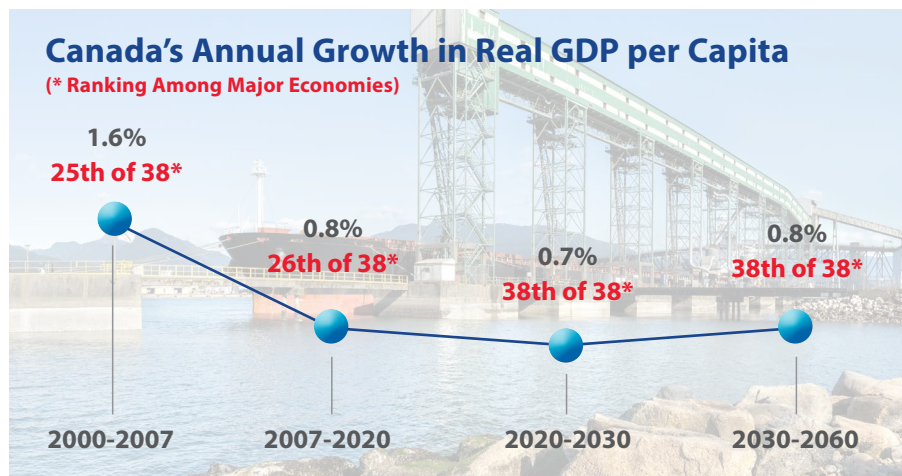
**Actual time required to complete Planning Phase:**  
**Average of 332 Days and up to 693**

Source: "Federal Impact Assessment Act Under Review: Measuring Progress on Projects & Timelines"; Canada West Foundation, May 2023

# This Has Consequences for Canadians

## We're Losing Out on Investment and Growth

We all pay a price for regulatory inefficiency and project delays. If a country can't approve major projects in a timely way, investment dollars will go elsewhere and projects will be cancelled. Canada ranks dead last among advanced economies in growth of incomes per person between now and 2030 and will remain in last place until 2060.



Source: "The Long Game: Fiscal Outlooks to 2060 Underline Need for Structural Reform"; OECD, October 2021

## Canada's Investment Inflows and Outflows

Last Year in Which Canada Attracted More Foreign Direct Investment Than it Made **2013**

Foreign Direct Investment in Canada as a % of Canadian Investment Abroad in 2022 **63%**

Source: StatsCan Table: 36-10-0025-01

***"Regulatory systems must do more than simply safeguard against bad things happening; they must also allow high-quality projects to get built through timely and predictable processes."***

— Report of the Business Council of Alberta's Task Force on Major Project Development and Regulatory Efficiency, June 2023

## Our Competitors Aren't Standing Still

The investment stakes are higher than ever, as countries the world over work to massively retool their energy systems and cut carbon. Canada has clear potential to be a clean energy leader, but is hobbled by burdensome regulation at the very time that key competitors are making their regulations smarter.

|                |  |
|----------------|--|
| European Union | The EU Council has called for designation of low-risk "go to" areas for renewable energy projects, where shortened and simplified permitting processes will apply.   |
| Germany        | Cooperation between proponents and governments enabled review, approval, construction and operation of a floating LNG import facility in just 10 months.   |
| United States  | Reforms to the <i>National Energy Policy Act</i> will make it easier to build both fossil fuel and clean energy projects, in part by limiting impact studies to a maximum of two years, down from what is commonly more than five years. |

Sources: EU materials, Deutsche Welle, Reuters.



# Cross-Country Construction Check-In

A round-up of some of the recent activities at Merit Canada member associations – including our newest member, the Calgary-based Independent Contractors and Businesses Association of Alberta.

## British Columbia



To help underscore the link between too much red tape and a lack of housing affordability, ICBA BC and members have met with the mayors and councils in Vancouver, Burnaby, Kelowna, Fort St. John, Prince George and Victoria. We continue to make the case for city halls to act faster and focus on more housing supply. [icba.ca](http://icba.ca)

## Alberta



ICBA Alberta is advocating for a proposed \$5B investment in a new chemical plant by Dow in Fort Saskatchewan. We have introduced the ICBA Wellness Program to Alberta, and will sponsor Olympic silver medallist and former NHL goalie Corey Hirsch as the keynote speaker at the BuildEx CEO Breakfast in Calgary in October. [icbaalberta.ca](http://icbaalberta.ca)

## Saskatchewan



Merit Saskatchewan is collaborating with SaskBuilds to keep its members informed about stimulus-program infrastructure projects, and to promote project timing that prevents extreme fluctuations in construction activity. We also continue to push for improved efficiency in provincial permitting processes. [meritsask.com](http://meritsask.com)

## Manitoba



Merit Manitoba worked with other business associations to advocate for changes with respect to prompt payments and the *Builders Liens Act* – an issue that impacts contractors and has a trickle-down effect throughout the economy – and we were successful in securing passage of Bill 38, the *Builders Liens Amendment Act (Prompt Payment)*. [meritmb.com](http://meritmb.com)

## Ontario



Merit Ontario continues to advocate against card check legislation and project labour agreements on public infrastructure projects, in part through a recent successful lobby day at Queen's Park. Our training division (Construction Ontario) and apprenticeship division (Trades for Tomorrow) also continue to expand to better serve our members. [meritontario.com](http://meritontario.com)

## Nova Scotia



Merit Nova Scotia has been working in partnership with construction industry stakeholders to streamline the permitting process and reduce the COVID-related backlog at the Halifax Regional Municipality. We aim to shorten approval timelines, jumpstart construction, and help to address the ongoing affordable housing crisis. [meritns.com](http://meritns.com)



*Construction InSites* covers issues and current developments relating to the construction sector federally and within the provinces represented by Merit Canada. It is produced regularly for member contractors, policy makers and commentators, and for all Canadians with an interest in one of the nation's most important industries.

## Member Associations



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