THE HILL TIMES POLICY BRIEFING | JULY 21, 2025

CANADA: Infrastructure & procurement

AI can't just be 'SLAPPED ON THE CURRENT SYSTEM'

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Why industrial policy IS CRITICAL TO NATION BUILDING

AI can't just be 'slapped on the current system' as feds seek to modernize procurement process, says AI research chair

Government Transformation and Public Works and Procurement Minister Joël Lightbound said his priorities include streamlining the procurement process, reducing reliance on consultants, building in-house expertise within the public service, and using AI to drive modernization and boost efficiency. *The Hill Times photograph by Andrew Meade*

Ojo Adegboyega, Canada Research Chair in Governance and Artificial Intelligence at Carleton University, says, 'you can design the optimal system that almost hand holds [smaller firms] and takes them through those stages. The pre-qualification is always a problem because it's all so burdensome.' *The Hill Times photograph by Jesse Cnockaert*

Procurement Ombud Alexander Jeglic speaks about his report, *Time for Solutions: Top 5 Foundational Changes Needed in Federal Procurement*, at a press conference in Ottawa on July 8, 2025. *The Hill Times photograph by Andrew Meade*

Auditor General Karen Hogan, pictured in the National Press Theatre on Dec. 2, 2024, told MPs at the June 19 House Public Accounts Committee the government should examine streamlining its procurement processes, which have 'too many' overlapping rules, as previously reported in The Hill Times. *The Hill Times photograph by Andrew Meade*

A report from the Office of Procurement Ombud Alexander Jeglic, released on July 8, stated that procurement at the federal level is in need of 'fundamental change.'

BY JESSE CNOCKAERT

Taking advantage of artificial intelligence can help improve inefficiencies and other issues in a problematic federal procurement system, but can't be used as an excuse for weak accountability, says the Canada Research Chair in Governance and Artificial Intelligence.

"Most of the focus is always about efficiency, right? Let's do it faster. I feel you have to also think about, what does a better procurement system mean, fundamentally?" said Ojo Adegboyega, a professor in the public policy department at Carleton University.

"The procurement officer is still in charge. AI is supporting, enabling their tasks. They are ultimately responsible. Accountability has to be maintained."

The federal government is examining ways to improve the problem-plagued procurement system. Auditor General Karen Hogan, who appeared at the House Public Accounts Committee on June 19, told MPs the government should examine streamlining its procurement processes, which have "too many" overlapping rules, as previously reported in *The Hill Times*.

Government Transformation and Public Works and Procurement Minister Joël Lightbound (Louis-Hébert, Que.) recently told *The Hill Times* that his priorities include simplifying the procurement process, reducing reliance on consultants, building in-house expertise within the public service, and using AI to drive modernization and boost efficiency, as reported on June 18.

Adegboyega told *The Hill Times* that using AI could potentially help even the playing field between bigger and smaller players by simplifying the process when bidding on government contracts.

"The big companies … they understand it. They have lawyers. They have everybody. [But] small companies have two [or] three people working for them," he said. "If, for example, the government provides, say, digital assistance, … you can design the optimal system that almost hand holds them and takes them through those stages. The pre-qualification is always a problem because it's all so burdensome."

Adegboyega cautioned, however, that AI cannot simply be "slapped on the current system."

"It's going to be some form of re-engineering those processes, modifying those processes, streamlining them," said Adegboyega. "I think it has been done in a very deep way to really be able to harness the benefit of AI. That has to be done. Can't be skipped."

As Ottawa seeks to modernize its procurement system, including through the use of AI tools, building public trust will also be a key factor, according to Adegboyega.

Skepticism about the ethical conduct of AI firms is growing, while trust in the fairness of AI is declining, according to the 2025 AI Index Report from the Stanford Institute for Human-Centered AI in April. Globally, confidence that AI companies protect personal data fell from 50 per cent in 2023 to 47 per cent in 2024, and fewer people currently believe that AI systems are unbiased and free from discrimination compared to last year, according to the report.

A 32-country survey conducted by Ipsos found that about 53 per cent of people say they are excited for products and services that use AI, but 50 per cent who say AI makes them nervous, according to the Iposos AI Monitor 2024, released in June 2024.

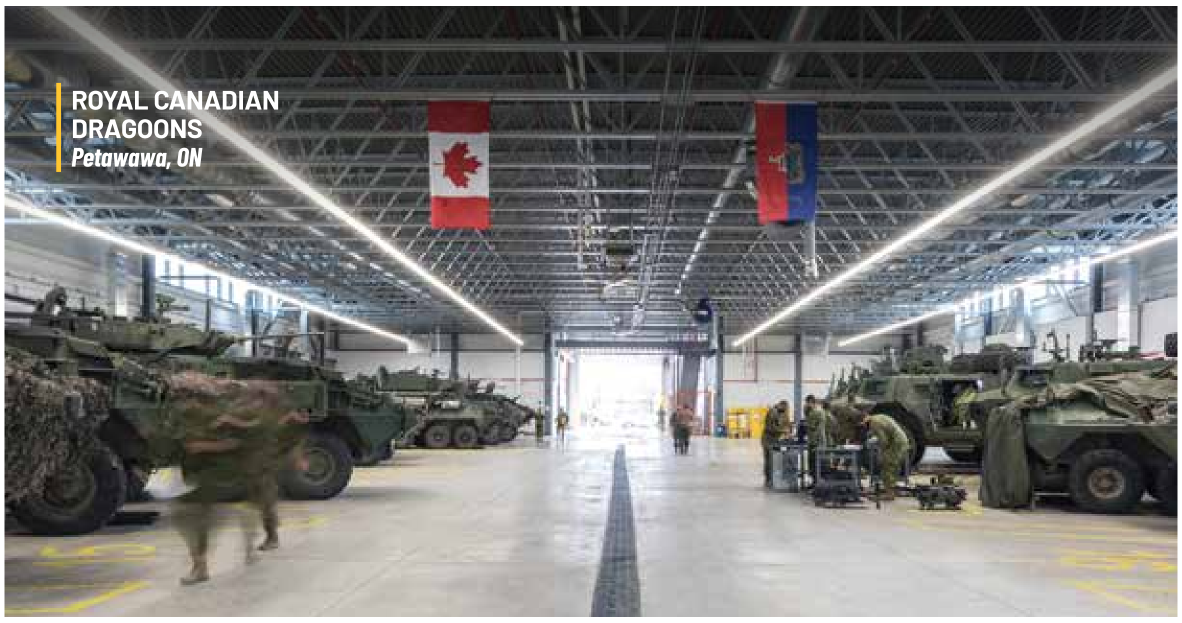
"[The federal government has] to be clear in terms of what's the dream procurement system," Adegboyega said. "That also has to be negotiated, discussed with the people, with the public servants. They have that goal, they have that shared goal, and the idea of AI is just working towards that."

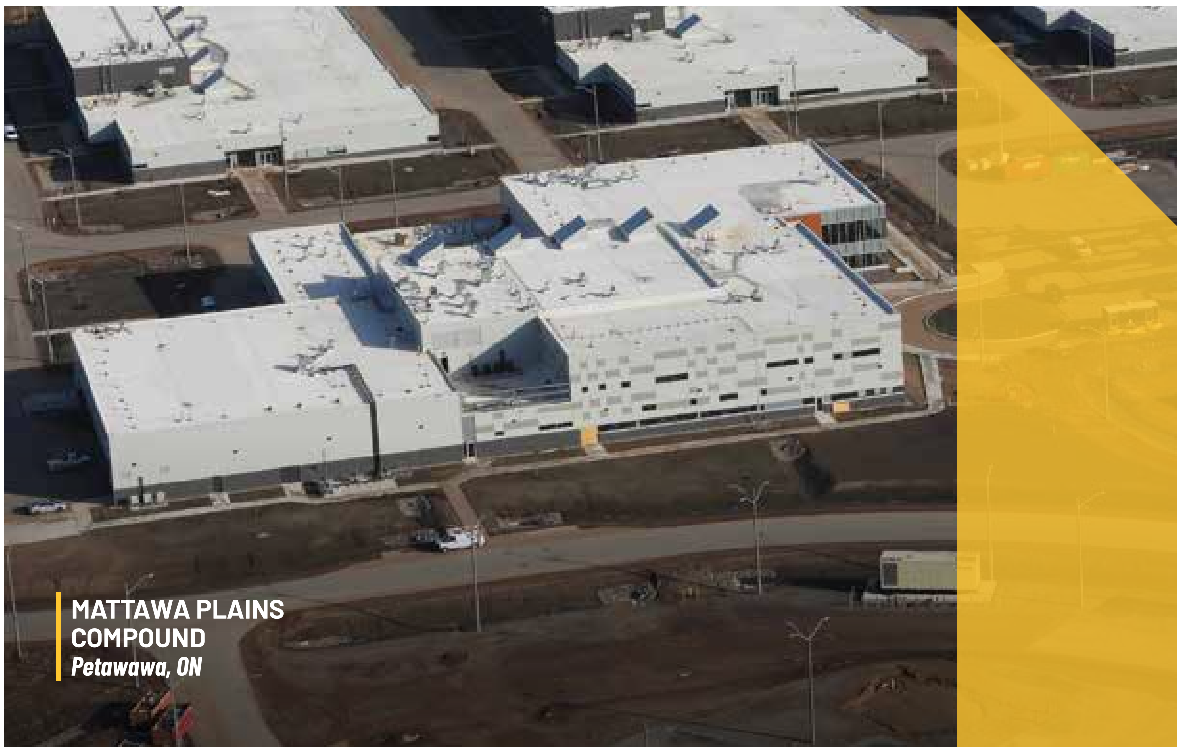
A report from the Office of Procurement Ombud (OPO) Alexander Jeglic, released on July 8, stated that procurement at the federal level is in need of "fundamental change." The report included several recommendations to improve federal procurement, including the establishment of a Chief Procurement Officer (CPO) position that would be accountable for the federal procurement function. The CPO could help ensure more consistent enforcement of procurement rules across different departments and procurement volumes, and could develop a universal set of procurement rules, according to the report.

"The current procurement system is marked by silos of responsibility and accountability that sometimes overlap with each other or leave glaring gaps. When accountabilities and responsibilities in a procurement system are not exceptionally clear, it becomes very difficult to address the problems plaguing the system, hence why some issues have spanned decades," reads the report.

"There is a need for clear accountability and leadership in a vital area of government that is responsible for the expenditure

Continued on page 18





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AI can't just be 'slapped on the current system' as feds seek to modernize procurement process, says AI research chair

Continued from page 16

of approximately [$37-billion] annually, and a CPO could immediately fill this void."

The report also recommended actions such as the creation of a "vendor's performance-management system," as a way to assess a vendor's performance on a contract against a set of predefined performance indicators, and keep track of vendor performance assessments so they may be taken into consideration in the selection process for future contracts.

The report notes that the complexity in federal procurement was among the most commonly-raised issues to the OPO. To help simplify this process, the report calls for the development of one universally applicable set of federal procurement rules.

"Every day, procurement specialists face multiple layers of rules including trade agreements, legislation, regulations, policies (both government-wide and at the departmental level), directives, guidance documents and procedures that must be followed, with new layers continually being added," reads the report. "The adoption of a strong, consistent, single set of rules in the form of statute or regulation would untangle the complex layers and help streamline federal procurement."

Also related to procurement, Lightbound announced a new interim policy on Reciprocal Procurement on July 14, as Canada negotiates a new economic and security relationship with the United States. The policy seeks to prioritize suppliers from Canada—and "reliable trading partners" that offer domestic suppliers reciprocal access via trade agreements—by restricting suppliers from bidding on Canadian federal contracts if they are in countries that limit Canadian access to their government contracts.

"The Policy on Reciprocal Procurement will help leverage our purchasing power to support Canadian businesses and workers impacted by unjustified American tariffs," said Lightbound in a Public Services and Procurement Canada press release.

Alexander Hobbs, an international trade counsel in the Ottawa Office of Cassidy Levy Kent, told *The Hill Times* that, as the U.S. becomes more protectionist, Canada has signalled its willingness to do the same through measures including the interim policy.

"It used to be the case that a Canadian supplier could—or distributor could—basically bid another country's products. So, you could build product in another country, and then a Canadian supplier could create a joint-venture with that company in another country, and together they could bid on Canadian projects. It seems like that will no longer be allowed under these policies," he said.

"We'll have to see how it's actually applied by the government, but based on how things are worded right now, that's certainly a potential way that … could have a significant impact on both Canadian businesses and foreign suppliers, who, potentially, up until yesterday, had the ability to joint-venture with another Canadian company to supply certain goods."

Alexander Hobbs, an international trade counsel in the Ottawa Office of Cassidy Levy Kent, says, 'We'll have to see how [the new interim policy on Reciprocal Procurement is] actually applied by the government,' but the policy 'could have a significant impact on both Canadian businesses and foreign suppliers.' *Photograph courtesy of Cassidy Levy Kent*

Another major issue that will be facing the Canada's procurement landscape over the next few years pertains to defence, according to Hobbs. In June, Prime Minister Mark Carney (Nepean, Ont.) and other NATO leaders approved a plan to increase defence spending to five per cent of gross domestic product by 2035.

This will necessitate "an incredible volume of procurement processes," according to Hobbs.

"That's number one, and it's probably going to lead to … a boon in this area, or at least we're expecting it to," he said, adding that how much of a boon there will be will be subject to "how liberally the Liberal Party is with using the national security exemption."

"Now it's yet to be seen whether the national security exemption is used in any of these processes, which would exempt the processes from oversight at the Canadian International Trade tribunal, and we'll see what happens there, and whether somebody fights that because of the way that the exclusionary language is worded," he said. "We're expecting some sort of litigation there, for sure."

Marin Leci, a partner with Borden Ladner Gervais LLP who specializes in advising national and international military, cybersecurity, and technology contractors navigating Canada's naval and aviation procurement and defence landscapes, told *The Hill Times* that one of the major challenges as Canada increases its GDP spending on defence will involve streamlining the procurement process.

"Canada will be spending a lot of money to hit its NATO GDP commitment and streamlining processes, and, more importantly, making it easier for smaller, especially domestic developers and manufacturers … to get their foot in the door when it comes to making bids, is likely something we want to incentivize and promote," he said.

Leci said that moving to a single-agency procurement model for defence is an idea that's been discussed since around 2017 or earlier.

Jo-Anne St. Godard, executive director of the Circular Innovation Council, says, 'I think for us to be able to unlock Canadian innovation and again … we need to be less transactional, and we need to be more open and risk-taking to be able to unlock that innovation.' *Photograph courtesy of the Circular Innovation Council*

"There's a world where combining, let's say, at least the procurement function of [the Department of National Defence], Public Works and even potentially Innovation, Science and Economic Development Canada, who all have a say in, let's say, defence procurement, [and] finding ways to streamline and combine the functions of those agencies under one roof may create some significant streamlining and efficiency," he said.

"However, it's still a challenge, because ultimately the goal is to ensure that Canada gets good value for what it's paying for and fosters economic development and innovation domestically as well. We ultimately don't want to be put in a position where we're going too fast, let's say, and missing out on those key goals as well."

Jo-Anne St. Godard, executive director of the Circular Innovation Council, told *The Hill Times* that addressing procurement challenges in Canada involves being less "transactional."

"I think for us to be able to unlock Canadian innovation and again, delivering those circular products and services, we need to be less transactional, and we need to be more open and risk-taking to be able to unlock that innovation," she said.

"What I mean by that is not being really … focused on outcomes, as opposed to specifications. So that might sound like industry jargon, but what we want is the value, the function of goods and services. And what has been leveraged from procurement, historically, has really been delivering on specifications. What that doesn't do is unlock the innovations that are coming through from many Canadian enterprises."

As an example, St. Godard said there are governments in some European countries that light their facilities by purchasing the measurement of light, or lumens, rather than the light bulbs.

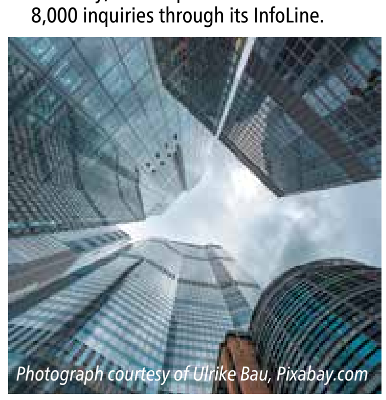
"They're buying light because it's really not the bulbs themselves that we need, to give you an illustrative example. It's lighting a room, and what that does is changes the relationship to the vendor," she said.

"You purchase the function of the product rather than the product. You have a different relationship with the vendor in the sense that you know you're buying the function, and the vendor keeps ownership of the asset."

jcnockaert@hotmail.com
The Hill Times

Canada federal government procurement statistics

- The federal government spends about $37-billion per year, with Public Services and Procurement Canada (PSPC) as the central purchaser.
- PSPC manages the procurement of goods and services (including construction services) valued at approximately $27-billion annually.
- Procurement Assistance Canada works directly with potential suppliers to help them understand how to sell to the government, through six regional offices (Atlantic, Pacific, Western, Quebec, Ontario and the National Capital Region).
- Procurement Assistance Canada seeks to assist potential suppliers through support services including hosting workshops and seminars on federal procurement (virtually or in-person), and
- Procurement Assistance Canada also provides personalized support via email, phone and one-on-one consultations. Annually, PAC responds to more than 8,000 inquiries through its InfoLine.



Photograph courtesy of Ulrike Bau, Pixabay.com

Source: Public Services and Procurement Canada

One simple trick to solve the government's procurement woes?

If the government is serious about streamlining the procurement process, it should declare a moratorium on the use of the public-private-partnership (P3) procurement model for new infrastructure.

Simon Enoch

Opinion

Canada's federal procurement system has been under intense scrutiny of late, wracked by controversies over costly contracts and overpaid consultants. Most recently, Procurement Ombud Alexander Jeglic bluntly stated that the "system needs to be overhauled." In response, newly-installed procurement minister Joël Lightbound has promised that he will streamline the procurement process, reducing reliance on consultants and building in-house expertise within the public service.

While no doubt a tall order for a federal government that procures over $37-billion in goods and services annually, there is, in fact, "one simple trick" that could accomplish at least some of these important goals.

That trick is to immediately declare a moratorium on the use of the public-private-partnership (P3) procurement model for new infrastructure—that is, if the government is serious about streamlining the procurement process, as well as becoming less dependent on private consultants and building expertise within the public service.

While the P3 model was used with less frequency by Justin Trudeau's government, commentators are predicting it will make a comeback under Prime Minister Mark Carney—particularly in light of the government's commitment to build major infrastructure projects and affordable housing. However, resurrecting the P3 model for these projects would be a profound mistake and only further entrench the institutional dysfunctions that Lightbound claims to want to remedy.

The P3 model is often held up as a paragon of efficiency, using private sector innovations to deliver public infrastructure in a more timely and cost-effective manner than the public model. But this view neglects a very important reality of a P3: it effectively introduces an entirely new layer of management and bureaucracy into government procurement. This has wide-ranging consequences, including increasing the complexity and resources required to adjudicate the procurement process and negotiate subsequent contracts.

As P3 scholars observe, it is only by neglecting to acknowledge these time-consuming negotiations that P3 proponents can claim the model is more expedient. This added layer of private bureaucracy also affects the operation and maintenance of these public assets. As our own research has shown, the division of labour and responsibilities between the private P3 consortium and the public sector is rarely clear cut, with contract language prone to reinterpretation, resulting in protracted conflicts over the terms of the contract.

The complexity of the P3 process also invites an army of consultants—what others have called a "consultocracy." All of the "big" accounting firms that advise governments on P3 proposals—KPMG, Deloitte, Ernst & Young and PricewaterhouseCoopers—are also sponsoring members of the Canadian Council for Public-Private Partnerships, the country's premier lobby group for P3s. That these firms stand to make millions of dollars in consulting fees on P3 projects—while also advising governments on the efficacy of pursuing the P3 model—is a conflict of interest that's rife for abuse.

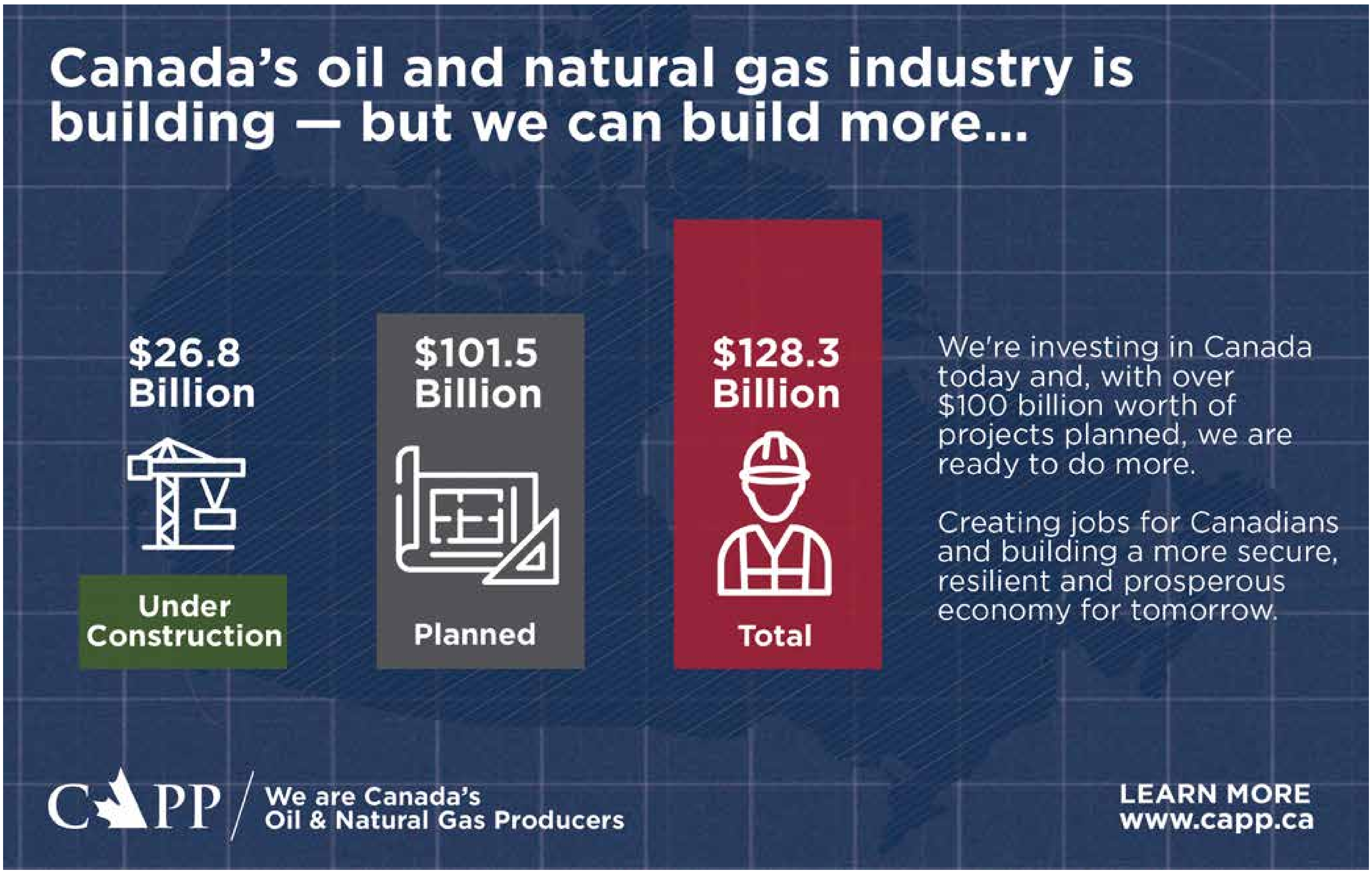
The use of the P3 model has also directly resulted in the loss of institutional knowledge and in-house expertise within Canada's public service that Lightbound laments. The privatization of both ownership and control of public assets over past decades has resulted in a loss of expertise within the public service for managing projects and delivering services of this scale and scope. Indeed, the P3 industry often trades on this reality to sell its own expertise as superior to that of the public sector.

Instead, keeping future assets and services within public control would provide the public service with the opportunity to rebuild its expertise in project management and service delivery. Ironically, this may also have the added benefit of making the government a more savvy negotiator, as renewed expertise may allow governments to meet the private sector on a more equal footing.

Finally, junking the P3 model would not be novel. In fact, the United Kingdom—the country with the most experience with P3s—initiated a moratorium on the use of the model for all new infrastructure in 2018. Justifying the move, the U.K. Treasury noted that the model was "inflexible and overly complex," as well as the "source of significant fiscal risk to government." If the Government Transformation, Public Works and Procurement minister is serious in his priorities, he should take note.

Simon Enoch is a senior researcher with the Canadian Centre for Policy Alternatives. He is based in Saskatchewan.

The Hill Times



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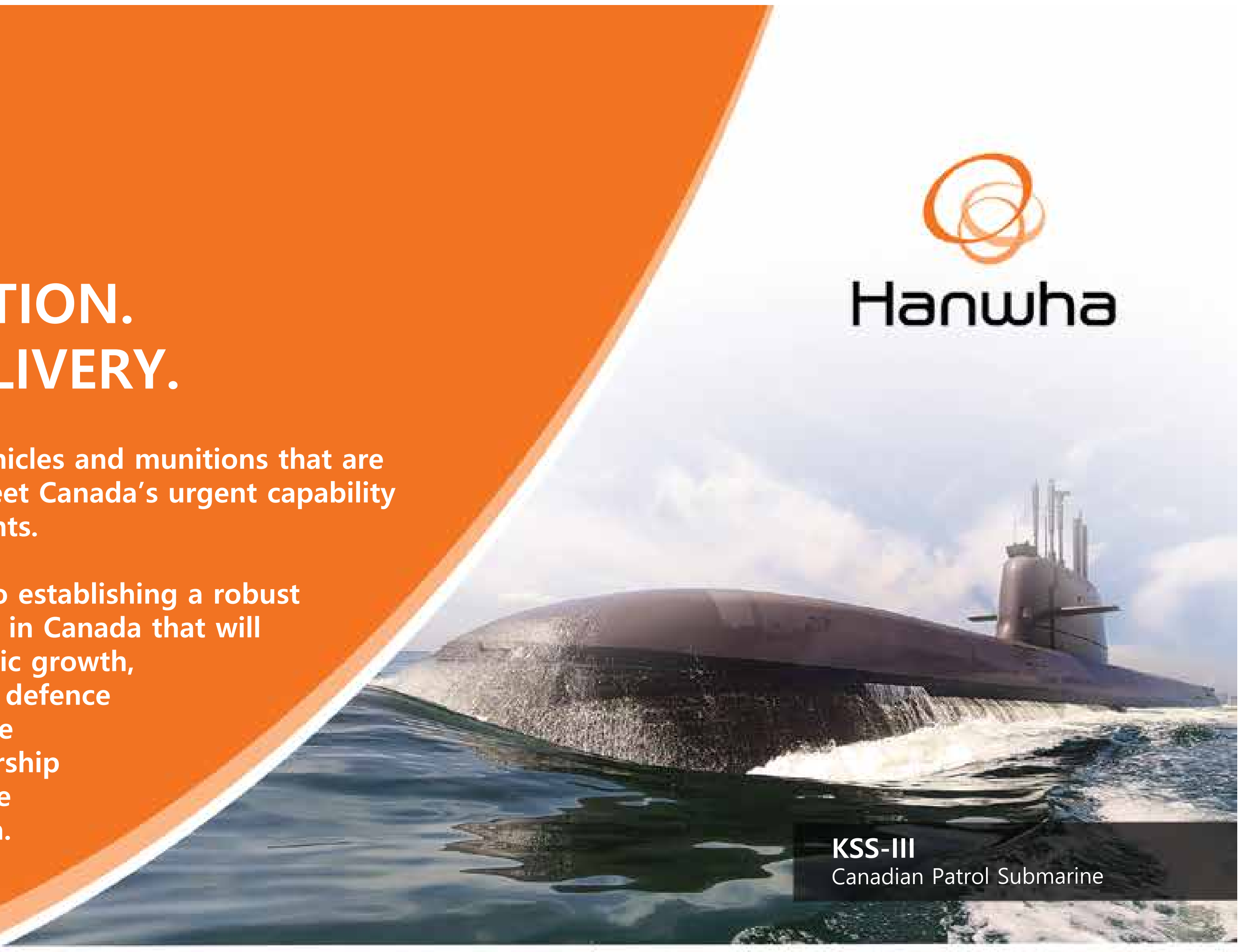

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A True Partnership is More Than Just Delivering Military Hardware

▶ The Government of Canada's recent decision to significantly boost defence spending, including by over $9 billion in 2025-26, is more than a budget line item; it's an unprecedented opportunity.

Hanwha's solutions are not theoretical; they are proven, in-production and perfectly suited for Canada's requirements and unique challenges.

This isn't just about buying new equipment. It's a chance to fundamentally rebuild Canada's defence industrial base and, in doing so, forge a new engine for national prosperity. As Ottawa moves to spend 5% of GDP on defence, it faces decisions that will define the country's security and economy for decades.

The question is no longer if Canada will spend, but how. An "off-the-shelf" procurement strategy, where Canada simply buys finished products from foreign suppliers, would be a missed opportunity. Instead, Canada needs to seek out genuine industrial partnerships that prioritize technology transfer, in-country manufacturing, and mutual growth with Canadian companies.

This is where a partner like Hanwha, a global defence company with a multi-domestic footprint, presents a different path forward. Hanwha brings more than just world-class, NATO-proven technology to the table; it brings a philosophy of deep industrial localization that few others can match. This approach offers a credible roadmap for achieving multiple goals, including modernizing the Canadian Armed Forces, improving the country's defence and security industry, creating jobs and economic growth, and enhancing cooperation and partnership with South Korea as part of Canada's Indo-Pacific Strategy.

Hanwha's solutions are not theoretical; they are proven, in-production and perfectly suited for Canada's requirements and unique challenges. And, due to active production lines, can be delivered much faster than any other options - in months and years versus decades. At sea, the KSS-III submarine, already in service with the Republic of Korea Navy, offers unparalleled endurance and stealth for a conventional submarine. Its unique combination of an Air-Independent Propulsion (AIP) system and advanced lithium-ion batteries allows it to remain submerged for over three weeks - making it an ideal guardian for the nation with the world's longest coastline. Importantly, only the KSS-III CPS can be delivered well ahead of Canada's critical timeline—ensuring the first submarine is delivered within six years of contract award. This accelerated timeline would allow for the earlier retirement of the aging Victoria-class fleet, reducing maintenance costs and enabling Canada to operate a modern undersea capability much sooner.

On land, the K9 Self-Propelled Howitzer stands as a global bestseller, operational in 10 countries including 5 NATO nations, with proven battlefield performance. Featuring world-class firing accuracy and rate of fire, the K9 operates flawlessly in Canada's harsh Arctic conditions while maintaining full compatibility with NATO standard ammunition. The Chunmoo (K239) Multiple Rocket Launch System provides long range precision strike capabilities through GPS-guided rockets, ideal for defending Canada's vast territory. Its modular design enables operation of various-range rockets, providing flexible response capabilities from short to long range and soon the launcher will be C-130 transportable.

Perhaps more telling is Hanwha's proactive engagement with Canadian industry. Long before any contracts with Canada have been signed, the company has already established partnerships and MOUs with many Canadian companies, including Babcock Canada, BlackBerry, CAE, Des Nedhe Group, Ellis Don, Gastops, Hepburn Engineering, J-Squared, Modest Tree, Paradigm Shift, PCL Construction and RaceRocks. This isn't the behavior of a mere vendor; it's the action of a committed partner intent on building a robust and long-term presence and capacity in Canada. This model - investing in everything from next-generation training systems to local production and Maintenance, Repair, and Overhaul facilities-creates high-skilled jobs and, crucially, opens the door for Canadian companies to join Hanwha's global supply chain, a model that has already proven successful in Australia, Poland and Romania.

The time has come for Canada to choose a partner that will invest in Canadian industry, share its technology, and contribute to long-term development – not just a company that sells hardware. Hanwha's "With Canada, For Canada" approach, covering land and sea, will deliver both military capabilities and economic prosperity.

INFRASTRUCTURE & PROCUREMENT Policy Briefing

Breaking through the invisible screen: removing hidden procurement barriers

Sarah Jacknife

Opinion

Across Canada, there is a surge of new Indigenous businesses. Research conducted by BDC indicates that Indigenous entrepreneurs are anticipated to grow by 23 per cent by 2034, more than double the anticipated 10 per cent growth for non-Indigenous entrepreneurs. Many of these businesses are led by young entrepreneurs operating small-to-medium-sized companies. Indigenous women are starting businesses at twice the rate of non-Indigenous women. These businesses span various industries, including technology, resource management, the arts, and consulting, while expanding into international markets.

To support this growth, the federal government has mandated a minimum five per cent of federal contracts are held by Indigenous businesses, and Indigenous procurement has become a popular component of corporate environmental, social, and governance strategies.

Yet, a puzzling contradiction exists. While Canada has opened its door for Indigenous businesses to access economic development opportunities, there is also an invisible screen door, permitting Indigenous businesses to see the opportunities, but unable to step through. This has led to frustration on both sides. Indigenous businesses are eager to compete for work, and organizations are interested in collaborating with Indigenous businesses, but wonder why partnerships are few and far between.

The invisible screen is procurement processes designed for large corporations, not the lived realities of Indigenous businesses. These barriers include complex bidding processes, technology gaps, and administrative constraints.

Large bids often require multiple-page document submissions. Indigenous business owners who are sole proprietors or operate small teams can struggle to compete with larger firms with dedicated procurement teams. This barrier often deterred Indigenous companies from applying for and winning projects, creating a vicious cycle where they struggle securing projects with significant funding, preventing them from growing and remaining competitive.

Technology can also be a significant barrier, particularly for businesses based in their Indigenous communities where they lack access to reliable and high-speed internet. The lack of technological infrastructure can make navigating supply chain portals, uploading documentation, and submitting proposals a tedious process.

There has been an increase in Indigenous identity fraud with non-Indigenous businesses trying to access opportunities dedicated for Indigenous businesses. While there have been steps to prevent this from occurring with the Government of Canada Indigenous Business Directory and the Canadian Council for Indigenous Business' (CCIB) Certified Indigenous Business program, it can add extra costs and administrative duties for Indigenous businesses to verify their identity.

Addressing these barriers requires systematic change across several key areas: developing feedback loops, designing inclusive financial policies, breaking up larger bids, and hiring dedicated Indigenous procurement specialists.

Procurement processes should include a feedback mechanism where unsuccessful Indigenous proposals receive detailed feedback on their scoring and improvement recommendations. This approach would help firms identify where they may need to improve their evaluation metrics and offer opportunities for Indigenous companies to improve their proposal writing skills.

Financial policies should be redesigned to recognize the financial realities of Indigenous businesses. Most corporations operate on 60 to 90-day payment cycles, which can be a significant barrier for Indigenous businesses who can lack stable cash flow as they often lack access to capital. Instead, organizations should enforce quicker payment periods of 30 days to increase accessibility.

Organizations should also consider breaking large proposals into smaller ones, creating space for small-to-medium sized businesses to remain competitive in bids. This approach would help increase the capacity of small-to-medium sized firms to grow their teams, and enable organizations to work with a more diverse pool of Indigenous businesses.

One positive step being taken by some organizations is hiring Indigenous procurement specialists to improve internal procurement systems and support Indigenous companies to navigate the supply chain process. While this approach does require substantial financial commitment, it helps identify internal roadblocks more efficiently, creating a more streamlined process for everyone involved.

There is also a need to reimagine the entire process through an Indigenous lens. In a recent report by the CCIB, *Reviewing Regional Indigenous Procurement Barriers And Wise Practices*, noted the need to decolonize procurement processes by centering Indigenous experiences, rather than adapting a colonial approach.

As Canada seeks to advance reconciliation and navigates political and social changes, they need Indigenous businesses as partners, innovators, and leaders. The door has been opened, but now it's time to tear down the invisible screen that keeps Indigenous businesses on the outside looking in.

Sarah Jacknife is the founder of Jacknife Consulting Ltd and a sessional instructor at the University of Calgary's School of Public Policy. She is a proud member of the Elizabeth Métis Settlement in Treaty 6, but resides as a guest in Treaty 7.

The Hill Times

Canada deserves a project approval process that's swift by default

While Bill C-5 sends a positive signal, it does not resolve the core problem: Canada still lacks a stable, transparent, and efficient project approval process.

Krystle Wittevrongel

Opinion

At last, Canadians have a federal government that seems serious about getting big and ambitious projects built. Can you hear our collective sigh of relief?

That relief follows the recent passing of Bill C-5, an omnibus bill that includes the Building Canada Act. Having received royal assent in June, it introduces a new mechanism to fast track the approval process for projects deemed in the national interest.

But like everything Ottawa does, there is a catch: the fast lane only applies to projects the government selects. Rather than making the approval process swift by default, Bill C-5 simply makes it swift by exception.

We have seen this story before. The Impact Assessment Act passed in 2019 was sold as a simplification. Yet in its first five years, only one project was approved: Cedar LNG. The approval process, at the federal level, essentially ground to a halt.

There are currently 20 projects undergoing the federal impact assessment process, with 12 in the second phase and five still in preliminary planning. Another three are going through a different route where the federal government deems the provincial assessment as good enough.

Of the 17 projects going through the traditional route, not one is in either of the two final phases.

Under the Building Canada Act, to benefit from an expedited approval process, a government appointee will decide whether a project qualifies as being in the national interest. In other words, any project that does not catch the government's eye remains stuck in the same broken process.

Under this process, investment in key sectors like energy dried up.

In 2015, the value of projects in Natural Resources Canada's major projects inventory stood at $711-billion. By 2023, it had dropped to $572-billion. Adjusted for inflation, this country should have had $886-billion in planned investments. That is a $314-billion gap.

Meanwhile, the rest of the world keeps investing in energy.

Investment in upstream oil and gas investment was set to increase by seven per cent in 2024 worldwide. This follows a nine per cent rise in 2023.

The kicker? There has been no shortage of demand for our energy.

Since 2022, Japan, South Korea, Germany, Poland, and Greece—among others—have expressed their interest in obtaining Canadian energy products. We turned them away.

That means someone else is eating our lunch.

And while Bill C-5 sends a positive signal, it does not resolve the core problem: we still lack a stable, transparent, and efficient project approval process.

Bill C-5 allows the government to bypass its own legislation when it deems it necessary. But should getting good projects built not be the norm?

We need a process that is swift by default, not by exception.

First and foremost, firm deadlines are required. Under Bill C-5, federal assessments for national interest projects must be finalized within two years. That standard should apply to all projects, with an even more timely 18-months as the goal. This would require removing the ability of politicians to pause or extend the deadline.

Expedition also requires scaling back the federal government's reach in its assessment. But this shouldn't be controversial: Federal assessments should be limited to areas of federal responsibility, respecting constitutional boundaries, and reducing legal uncertainty.

When conducting an assessment, the scope of factors under consideration should be limited so that it relates to the core of environmental assessment. Understanding how a project impacts the intersection of sex and gender is so subjective that it complicates the approval process. Make it as expansive as it needs to be, not as expansive as it can be.

This process should also not be rife with duplication. If a province has already conducted a rigorous assessment, Ottawa should automatically accept it.

The passage of Bill C-5 is an implicit admission that our regulatory process is broken. But instead of a system that works for a select few, Canada needs a system that just works, period. If we want a thriving, prosperous economy, we cannot afford to have any more wealth generating projects die in waiting.

Krystle Wittevrongel joined MEI—an independent public policy think tank with offices in Montreal, Ottawa, and Calgary—in 2019, and currently serves as director of research. Prior to this, she worked at the School of Public Policy at the University of Calgary where she earned both a master of public policy and a master of science in addition to two undergraduate degrees. Her work has appeared in a number of specialized academic journals.

The Hill Times

Policy Briefing
INFRASTRUCTURE & PROCUREMENT

By rail, road and sea: Western export infrastructure needs a refresh

Improving trade corridors does not rest solely on the shoulders of one government or industry. It requires formal cooperation and coordination to drive targeted, long-term investment.

Gary Mar

Opinion

Trade instability has forced Canada to look inward.

As part of efforts to grow the economy and to establish new trade partnerships, the federal government is working to accelerate the approval and construction of major nation-building projects. Provinces are moving to remove inter-provincial trade barriers. Alberta is championing a new pipeline.

These are big ideas.

Across the country, fingers are crossed that, once approved, these major projects will bring significant economic benefits to Canadian industries. But it will take years before any of them are complete.

In the meantime, the small inefficiencies in trade networks should not be ignored. Addressing these could reduce the strain on Western trade infrastructure and improve performance.

In Alberta, as in the other prairie provinces, industries depend on rail, ports, and roads to deliver products to markets, but the capacity and efficiency of these corridors have not kept pace with demand. This is especially true for commodities other than pipeline-reliant oil and gas. Some oil travels in rail cars, but oil and gas are mostly pipelined to ports or into the U.S. Recent improved pipeline infrastructure capacity has diminished, although has not eliminated delivery crude by rail.

More than half of Alberta's rail exports move through British Columbia to ports or marine terminals. In 2023, over 70 per cent of Alberta exports bound for non-American markets, primarily wheat, coal, canola seeds and various chemicals, were shipped through Vancouver or Prince Rupert.

On top of that, these industries in Alberta continue to grow. Between 2013 and 2023, beef exports rose from $1.1-billion to $3.9-billion, canola from $3.1-billion to $4.5-billion, and wheat exports from $2.9-billion to $3.5-billion.

These sectors want to produce and sell more, but they can't get their goods to market efficiently or reliably.

Rail capacity has long been an intractable issue across Canada. In Alberta, about 55 per cent of non-pipeline exports are shipped by rail. Exporters say they face an uncompetitive rail environment and limited capacity. The duopoly held by CN and CPKC gives the railways significant leverage in contract negotiations, especially in regions where only one railway owns the line. But capacity is not the only factor causing delivery delays - service is also affected by bad weather, labour strikes and increasingly by natural disasters like floods and wildfires.

Slowdowns are particularly harmful to agriculture, where perishable goods must move quickly. When shipments arrive late, businesses risk losing customers and reputation.

> OPTIMIZING EXISTING INFRASTRUCTURE MAY NOT MAKE HEADLINES, BUT IT CAN GIVE CANADA A WELL-OILED TRADE NETWORK TO SUPPORT NEW MAJOR PROJECTS.

Improving Alberta's rail corridors is a pressing need, but the rest of the supply chain also requires attention. Increasing seaport capacity can open new markets and improve leverage in current ones.

Vancouver is Alberta's most important port, but globally it ranks low in efficiency. While efforts are underway to expand capacity, the Lower Mainland's dense urban setting limits future growth.

Prince Rupert, B.C.'s other major port, is expected to become Canada's second largest by 2030, surpassing Montreal. But it is served by a single CN-owned rail line, and this monopoly has contributed to skepticism among exporters about its value and viability. Over the past decade, Alberta wheat growers have doubled exports through Vancouver, while volumes through Prince Rupert have contracted.

The Port of Churchill, Man., meanwhile, has potential to facilitate western Canadian producer access to European markets, but the exact scale of that potential remains contested. Though upgrades to the port are currently underway, hundreds of millions of dollars of investment would be

Continued on page 27

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DAIRY FARMERS OF CANADA

Pictured here is a CF-18 Fighter jet. David Pratt, principal of David Pratt & Associates, argues that if the Carney government wishes to transform the Canadian economy, it will need to transform the bureaucratic mindset within defence procurement that stifles innovation. *Photograph courtesy of Canadian Forces/DND*

Defence procurement and the transformation of the Canadian economy

If the Carney Government is going to truly transform the Canadian economy, defence production provides a strong foundation for innovation and growth.

David Pratt

Opinion

Within a few days of an election that saw the Mark Carney-led Liberals assume power, the prime minister held a news conference to outline his priorities. During that exchange with reporters, he promised to embark on the "biggest transformation" of Canada's economy since the end of the Second World War.

He added that "Now is the time for ambition, to be bold, to meet this crisis with an overwhelming positive force that is a united Canada. It's time to build and my government is getting to work, to build. Build big, bold and build now."

To understand what this "transformation" means for Canada, we must cast our eyes back to the period during and after the Second World War to understand how profound those changes were. At the beginning of the war, in 1939, Canada had a population of about 11.2 million people. Our economy was primarily driven by agriculture, resource extraction (mining and forestry), and a small manufacturing sector largely based on automobile production.

Under the leadership of C.D. Howe, nicknamed the "Minister of Everything," this country unleashed an economic miracle. We produced foodstuffs, raw materials, sophisticated weapons systems, military equipment and other manufactured products. By the end of the war, Canada was the world's fourth-largest producer of war materiel and supplies, after the United States, the United Kingdom, and the Soviet Union; and the fourth-largest trading nation after the U.S., the U.K. and France. A Library of Parliament study noted that between 1939 and 1945 Canada manufactured:

- 4,453 warships and merchant ships, and 4,200 small boats;
- 16,418 military aircraft;
- 42,966 guns and mountings, and thousands of other pieces of artillery and associated equipment;
- 50,663 tanks and other types of armoured fighting vehicles (wheeled and tracked);
- 815,729 military trucks and other types of automotive transport vehicles;
- 1,767,392 rifles, machine guns, sub-machine guns, pistols, and other types of small arms;
- 197,343,000 artillery shells, bombs, grenades, and other projectiles; and
- 4,638,409,000 rounds of small arms ammunition.

Other defence items included uniforms, radars, sonars, radios and various other types of communications systems, specialized instruments and electrical equipment, sighting and optical devices, and medical supplies. Canada was also involved in atomic research, aircraft jet propulsion, rocketry, and other specialized fields of defence research and development.

No one should expect the Carney government to be able to replicate our nation's unprecedented and astonishing record of industrial production—largely based on defence procurement—during the Second World War. The years following the war witnessed the continuing expansion of the Canadian economy and our standard of living. From 1940 to 1952, the average income for a family of four rose 50 per cent to $4,000 a year—$622 above the corresponding U.S. average.

The Mackenzie King and St. Laurent governments, with Howe managing defence production and driving innovation and bold projects, ushered in a period of prosperity that was the envy of the world. A February 1952 *Time* magazine profile of Howe titled "Canada: The Indispensable Ally" noted that: "In 12 years, Canada has undergone the most impressive industrial development of any nation in the world, a surge of industry and prosperity that Wall Street's conservative investment firm of Lehman Bros. calls 'the biggest business story of this decade.'"

What was the key to Howe's remarkable success? His economic leadership was characterized by impetuosity, impatience, pragmatism, optimism and—most importantly—a willingness to take risks.

If the Carney government is going to truly transform the Canadian economy, defence production provides a strong foundation for innovation and growth. This was certainly the case in the Second World War. Today, areas such as advanced materials, precision machining and manufacturing, artificial intelligence, clean technology, cyber resilience, remotely-piloted systems and autonomous technologies, and space systems could boost, or jumpstart the economy along with the associated research and development.

But if the government really wishes to transform this country's economy, it will need to first transform the bureaucratic mindset within defence procurement that stifles innovation, thwarts Canadian entrepreneurs, and takes risk aversion to absurd levels. As Martin Green and Christopher Coates noted in a recent *Globe and Mail* op-ed, "meaningful success must include a new risk paradigm with respect to procurement and private sector partnerships."

If federal bureaucrats and politicians feel that the only thing they need do is slightly up their game based upon existing rules, they will be sorely mistaken. If Carney's dream of transformation is going to be realized, it will require a completely new game with new rules. These new rules must reset the risk calculation, streamline processes, foster Canadian talent within SMEs, unleash innovation and creativity, spur investment and propel our economy forward in a way that would have made Howe proud.

David Pratt is a former minister of national defence under prime minister Paul Martin, and is the principal of David Pratt & Associates.

The Hill Times

Policy Briefing **INFRASTRUCTURE & PROCUREMENT**

If we can’t move it, we can’t sell it: reducing Canada’s reliance on the U.S. demands a national trade infrastructure strategy

While peer nations have long-term strategies to build and maintain the infrastructure that supports trade, Canada stands alone among its global competitors in lacking a coherent plan. That needs to change. Now.

BY CANDACE LAING, RODRIGUE GILBERT, KEITH CURRIE, DENNIS DARBY, BRAD SCOTT, CHRIS LORENC & GARY MAR

With global instability mounting and growing threats from south of the border, the stakes for Canada’s economy and our ability to compete have never been higher. *Image courtesy of Pexels/Avijit Singh*

Canada is an exporting nation. The flow of goods fuels two-thirds of our GDP, supports millions of Canadian jobs, and is intimately tied to our standard of living. Despite this, the trade infrastructure and corridors on which we rely to get our goods to market are falling dangerously behind those of our competitors.

Today, roughly 75 per cent of Canada’s exports go to the United States, but that partner is becoming increasingly unpredictable. From tariffs and “Buy America” policies to the abrupt cancellation and restart of trade negotiations, along with regulatory shifts and political polarization, our southern neighbour is sending a clear message: Canada can no longer take market access for granted. We are skating on thin ice, and our economic future is in danger.

Even before the latest salvos, Canada recorded a $7.1-billion trade deficit in April, largely due to slumping exports to the U.S.—a warning sign. As Prime Minister Mark Carney has repeatedly emphasized, the old relationship with America is over. Diversifying trade isn’t just a policy goal anymore; it’s a national imperative.

While peer nations have long-term strategies to build and maintain the infrastructure that supports trade, Canada stands alone among its global competitors in lacking a coherent plan. We’ve too often prioritized shovel-ready projects—short-term, disconnected investments that don’t serve national economic goals—over shovel-worthy ones.

That needs to change. Now.

We need a Canada Trade Infrastructure Plan (CTIP): a long-term, strategic blueprint developed jointly by governments and industry. CTIP would prioritize the critical corridors and gateways that move Canadian goods to markets at home and abroad. It would replace patchwork efforts with sustained, coordinated investment tied to national priorities.

The good news is that the federal government is already signaling its willingness to think bigger, but rhetoric must become reality. Carney has committed to “build big, build fast, and build smart,” a call for nation-building infrastructure on a scale not seen in generations. He has stressed that “Canada is a country that used to build big things,” citing the St. Lawrence Seaway as a model for bold and swift action. The recent introduction of legislation to speed up project approvals and dismantle internal trade barriers aligns with this vision.

Momentum is growing. Our provinces unanimously endorsed the principles of CTIP in July 2023, recognizing that trade infrastructure is foundational to the prosperity of every province and territory. National organizations—including our own—are calling for urgent action. So are Canadians: A 2023 Ipsos survey found that 95 per cent believe trade infrastructure is vital to our economy, and only nine per cent think it’s in good shape.

The federal government’s $5-billion Trade Diversification Corridor Fund is an important start. But as a 2021 analysis showed, even $21-billion in annual transportation investment leaves Canada trailing our global peers. A truly transformative effort—one equal to the moment and the market—is needed.

A national trade infrastructure plan would deliver a reliable, modern transportation network to move Canadian goods to global and domestic markets. It would enable meaningful trade diversification by reducing our overreliance on any single partner, and restore this country’s reputation as a reliable and efficient trading partner. Prioritizing the smarter, more efficient movement of goods would also help lower greenhouse gas emissions across the trade transportation system, helping us to compete sustainably on the global stage.

While fiscal constraints are real, co-ordinated investments through trade infrastructure offer a high return on public dollars by reducing bottlenecks, increasing GDP and unlocking private sector contributions. More plainly, it makes all the users of that infrastructure more productive.

Canada has a long and proud history of building infrastructure that unites and strengthens our economy. Today’s challenge demands that same bold spirit and foresight. Because if we can’t move it, we can’t sell it. And if we can’t sell it, Canadians lose jobs, growth, and ground.

Let’s stop patching potholes and start planning for prosperity. It’s time to turn the prime minister’s words into action and build the Canada Trade Infrastructure Plan that our economy, and our future, demand.

Candace Laing is president and CEO of the Canadian Chamber of Commerce. Rodrigue Gilbert is president and CEO of the Canadian Construction Association. Keith Currie is president of the Canadian Federation of Agriculture. Dennis Darby is president and CEO of the Canadian Manufacturers and Exporters. Brad Scott is chair of the Civil Infrastructure Council Corporation. Chris Lorenc is president and CEO of the Western Canada Roadbuilders and Heavy Construction Association. And Gary Mar is president and CEO of the Canada West Foundation.

The Hill Times

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NOTICE OF APPOINTMENT
Dave Carey, President & CEO, CCA

The Canadian Coatings Association (CCA) appoints Dave Carey as President & CEO, effective June 2, 2025. CCA represents Canada’s Coatings, Adhesives, Sealants, and Elastomers (CASE) industry, with $20 billion in economic output and vital to multiple sectors.

Carey brings proven experience in government relations and regulatory affairs, most recently serving as VP, Government and Industry Relations at the Canadian Canola Growers Association. He is a five-time *Hill Times* **Top 100 Lobbyist**.

In his new role, Carey will lead the association’s national strategy to advocate for a competitive, sustainable, and innovative coatings industry, one that is uniquely positioned to support the federal government’s priorities including the economy and environment, housing and construction, strengthening supply chains, enhancing sustainability, and improving cross-border regulatory alignment.

“The coatings industry plays a vital role in Canada’s infrastructure, manufacturing, and environmental performance,” says Carey. *“My priority is to ensure the sector remains a constructive partner in advancing public policy outcomes.”*

Early focus areas include deepening engagement with federal partners, aligning regulatory frameworks with U.S. counterparts, and enhancing sector readiness to meet national goals while providing value to members.

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The nation-building initiative of retrofitting Canada's buildings

Simply speeding up approvals for a few infrastructure projects does not build us a new Canada. Going bigger and broader—focusing on infrastructure that could directly improve the lives of literally every Canadian and aiming to help solve numerous crises at once—now that's smart, strategic and forward-thinking nation-building.

Chris Severson-Baker & Monica Curtis

Opinion

The 2020s have been tumultuous. Kicked-off by a global pandemic, the last few years are described as an era of "polycrisis"—with people facing numerous, often interconnected global crises. Geopolitical conflict, increasing social inequality, the ever-worsening impacts of climate change—and now, economic instability via turbulent trade dynamics with a global superpower.

Canada's response to the latter has been swift. Passage of Bill C-5 last month signalled the Carney government's urgent and ambitious approach to facing the economic headwinds. Many voices—including ours at the Pembina Institute— have warned about the bill's sweeping powers, and the risks around inadequate Indigenous consultation and environmental assessments. Ultimately, it passed—and ultimately, we support what the bill is purportedly trying to achieve: identifying and accelerating responsible, strategic nation-building projects that set Canada up for long-term economic resilience, while upholding Indigenous rights and doing our share to address the climate crisis.

But simply speeding up approvals for a few infrastructure projects does not build us a new country. Going bigger and broader—focusing on infrastructure that could directly improve the lives of literally every Canadian and aiming to help solve numerous crises at once—now that's smart, strategic and forward-thinking nation-building.

Canadians deserve energy choices that cut costs and build a cleaner, more reliable future. Clean electrification and energy efficiency reduce ownership costs, strengthen the electricity grid, and improve health and climate outcomes—unlocking investment, boosting exports, and making us a stronger nation.

There's a nation-building initiative waiting in the wings that speaks to how Canadians use energy, every day, and with the potential to help this country address several components of the "polycrisis" in which we find ourselves.

Fed should prioritize retrofitting existing buildings

Retrofitting our homes and buildings is a high-return investment that provides our families and businesses with healthier, safer indoor spaces, more resilient to severe weather events, and more affordable to heat and cool. As Canada moves to launch major nation-building projects, we should prioritize retrofitting the buildings that Canadians already use—the majority of which will still stand in 2050.

Building retrofits open the door for "made-in-Canada" energy resources, like demand-side energy resources (rooftop solar, battery storage, or shifting energy use to lower-use times) and improved energy efficiency. Investments in energy efficiency and demand-side resources create long-term, local jobs. They also attract capital from the industries of tomorrow, and help advance our economic and climate goals. Investments in retrofitting buildings can generate $7 in GDP growth for every $1 invested.

What if we looked at nation-building not only via single projects, with a primary proponent, location, and outcome? What if we developed nation-building programs—like retrofits for multifamily units—addressing many societal needs at once, and in the process creating a wave of economic activity, including new Canadian industries and supply chains?

Continued on page 27

Canada needs to update its policy regime to realize its digital and defence ambitions

The government has a choice. It can preserve a flawed 'small p' policy paradigm or update this policy regime.

Ron Lloyd

Opinion

The Carney government has articulated an extremely ambitious vision for the country, making big bets on leveraging digital technologies and defence. Unfortunately, the odds of success are currently not in their favour.

The reason is because of a flawed "small p" policy foundation. Whereas a capital "P" policy articulates a government's intent—like meeting NATO's five per cent spending target,—"small p" policies are administrative policies, directives, and guidelines within which departments must operate.

There are numerous "policies" that have precluded government's ability to successfully realize the outcomes articulated in capital "P" policies. The worst being Canada's security classification framework.

Forty years ago—the same year cellphones became available in this country—the Treasury Board adopted a unique-to-Canada security classification framework that assigns the same level of injury for the compromise of information in the national interest (think classified information) with that which is not (think personal information). No allied country does this—not a single one.

In Canada's archaic classification framework, "serious injury" applies to both Protected B and secret information. Examples of "serious injury" are directly threatening an individual's life, or making it impossible to deliver military tasks. The location of troops or plans that, if compromised, could result in the death of Canadians are examples of secret information. In the United Kingdom, only 10 per cent of data holdings are secret or higher. Protected B information, on the other hand, applies to administrative data like employee performance reports and citizens' tax returns. To be sure, this information should be handled with care, but it is literally not a matter of life or death the way secret data can be.

This "policy" institutionalizes overclassification in government which leads to excessive security clearance requirements, significant additional security costs, reinforces a culture of risk aversion, undermines the overall security posture, and adversely affects interoperability with our allies.

To work around this problematic framework, the physical and digital security authorities (the RCMP and the CSE) promulgated another "small p" policy, *The Harmonized Threat and Risk Assessment (TRA-1) Methodology*, 20 years ago—around the time the iPhone 1 was introduced. Whereas the Treasury Board policy equates the level of injury of Protected B with secret, TRA-1 uses a comparative framework to equate the level of injury of Protected B with confidential.

Although a step in the right direction, it still overrepresents the level of injury of Protected B. Examples of the level of injury associated with confidential information are damage to the internal stability of Canada or the operational effectiveness of the Canadian Armed Forces. Once again, no allied country does this—not a single one.

The culture of over-classification and risk aversion in the public service is directly attributable to the security classification framework and TRA-1.

In 2012, a lifetime ago in digital years, CSE promulgated another "small p" policy the *IT Security Guidance (ITSG-33)*. Again, the technical security baseline directed for Protected B is excessive accruing additional costs for government and industry and further impeding interoperability

ITSG-33 also undermines Prime Minister Mark Carney's vision of leveraging modern digital best practices. The document says nothing about cloud, artificial intelligence, data centric security, or zero trust because it was issued 13 years ago. If you want to understand why departments are failing to leverage modern digital best practices, read ITSG-33.

Almost every process in modern government has a security risk and digital dimension. If the government wants success, four actions are required: First, implement a security classification framework of Official (Official Sensitive), Secret, and Top Secret; second, rescind TRA-1; and third, update ITSG-33 and consolidate the patchwork quilt of IT security guidance into a single document, updated annually, like most of our allies have and do.

The fourth action comes once these actions have been undertaken: Amend the innumerable policies that are equally problematic from a digital and procurement perspective. In the context of procurement, the Contract Security Program and other policies affecting procurement security requirements, project complexity and risk assessments, and a multitude of internal departmental processes would need to be overhauled or rescinded.

The government is setting up a Defence Procurement Agency to improve longstanding procurement concerns, but this critical work needs to happen first to make that effort effective.

The government has a choice. It can preserve a flawed "small p" policy paradigm or update this woefully out-of-date policy regime which is needed for Canada to realize its digital and defence ambition. The choice is obvious.

For detailed analysis visit cgai.ca/ron_lloyd. A more fulsome roadmap is provided in *10 Actionable Decisions for the PM to Best Posture Defence.*

Ron Lloyd, vice-admiral (retired), was the 35th commander of the Royal Canadian Navy and the first chief data officer for Defence. Since 2019, he has been an independent consultant and fellow at CGAI.

The Hill Times

Why industrial policy is critical to nation building

Canada's resources and expertise position us to be a leading exporter of new goods and services, with credible potential to meet increasing global demand for low-carbon iron and steel, carbon fibre, or geothermal energy.

Aaron Cosbey

Opinion

Prime Minister Mark Carney is rightly searching for big new ideas—nation-building opportunities to ensure Canadian prosperity in the face of American threats to our economy and sovereignty.

But in the rush to identify nation-building projects, the government's renewed commitment to industrial strategy is being forgotten. The wish list that's emerging is an assembly of predictable, traditional infrastructure projects submitted by the premiers, which mostly include expansions to shipping routes, new ports, and more oil and gas pipelines.

Notably missing are any opportunities in transformative new sectors and technologies—projects that require a focused, all-of-government push in partnership with innovators and entrepreneurs to see the light of day, but which come with huge and lasting payback if they succeed. A recent report from the Commission on Carbon Competitiveness and The Transition Accelerator argues that such support must be part of this country's new approach to industrial policy.

The standard response to such advice is that governments are terrible at picking winners—that industrial policy is a fool's pursuit. But history shows otherwise. There are plenty of success stories from abroad (EVs in China, salmon farming in Chile, semiconductors in Taiwan) and from our own past (satellite technology, canola) to show that industrial policy done right can lead to big results.

Our report surveys these often under-appreciated cases. Even the technology behind this country's oil sands—which, while environmentally problematic, have contributed hundreds of billions of dollars to our economy—was only developed after more than a decade of persistent support by Alberta's then-premier Peter Lougheed who committed almost $2-billion (in today's dollars) to R&D and had to fight skeptical opposition from conventional oil producers.

With similar foresight and determination, Canada could unlock the enduring prosperity behind the next wave of energy innovation, but this time we could our throw support behind technologies and sectors that actually improve the environment, fulfilling our goal to be a clean energy superpower.

Even one or two successes would make the costs of the inevitable failures pale in comparison. Our resources and expertise position us to be a leading exporter of new goods and services, with credible potential to meet increasing global demand for low-carbon iron and steel (made from our abundant high-grade iron ore and renewable energy), carbon fibre (made from our unique bitumen reserves), or geothermal energy (derived from our drilling expertise in the oil patch). The market for bitumen turned into carbon fibre, for example, is estimated at multiple times the value of the revenues we now get from selling that product to be combusted.

These sorts of opportunities are already being actively pursued by other governments, including in the European Union, China and—until recently—the United States. In fact, the recent unfortunate retreat by the U.S. administration from supporting climate-related technologies opens a wide door of opportunity for other countries to step in.

One of the lessons from the case studies, of course, is that successful industrial policy is not easy. Drawing from those cases, our recommendations for addressing the challenges include three key steps: 1) choose a small number of sectors/technologies for long-term commitment at the highest levels of government; 2) create independent implementing bodies that work closely with the private sector; and 3) employ a wide variety of supporting measures that go well beyond R&D to include cooperative science, regulatory reform, support for demonstration projects, support via government procurement, export promotion, and other policies.

Importantly, smart industrial policy also requires the ability to accept inevitable failures. Some avenues will be dead ends, so it's important to have objective measures of success, and quick off-ramps for support where they're not met. Bureaucrats, politicians and the general public must be able to accept a few stumbles on the path toward progress, rather than assuming it's only embarrassing evidence of incompetence.

Our recommendations do not require a substantial overhaul of this nation's government machinery, nor do they necessarily involve massive new spending. In large part they can be achieved simply by better coordinating and focusing the institutions and resources that already exist. Canada—like every other major economy world-wide—is *already* engaged in industrial policy through institutions like the Strategic Investment Fund and the Canada Growth Fund. While these are critically important, they are too passive, not strategic enough in their support. Those same resources, focused on specific missions, could have payoffs that ensure prosperity for decades to come. That would be real nation building.

Aaron Cosbey is a senior associate with the International Institute for Sustainable Development. He is also chair of the Commission on Carbon Competitiveness.

The Hill Times

By rail, road and sea: Western export infrastructure needs a refresh

Continued from page 23

required before it could be a meaningful outlet for Alberta shippers.

Many Alberta commodities take their first step in the supply-chain journey by road. A major challenge to road maintenance planning is choosing from a vast number of competing projects. Considering the economic value of high-traffic export routes would help provincial governments set maintenance priorities.

But improving trade corridors does not rest solely on the shoulders of one government or industry. It requires formal cooperation and coordination to drive targeted, long-term investment. Regional and national planning works best when governments, industries, railways, ports and Indigenous groups work together to gather intelligence, share insights and avoid duplication of effort when identifying shovel-worthy projects.

Alberta and Ontario have signed an agreement to advance pipelines and railways, aiming to boost inter-provincial trade and reduce dependence on the U.S. A similar agreement between Alberta and B.C. could support both pipeline and non-pipeline infrastructure. It could support Alberta to move its good to foreign markets more efficiently, while B.C. could gain from new investments, infrastructure and recognition of the role its network plays in western Canadian trade.

This is not just an Alberta and B.C. issue. Siloed supply chain planning affects all provinces. As Canada looks to align around large-scale projects and inter-provincial trade, it should also focus on smaller upgrades that can make a large difference to exports and strengthen our reputation as a trade partner.

Optimizing existing infrastructure may not make headlines, but it can give Canada a well-oiled western trade network to support the major projects industries hope to see built under Ottawa's new mandate.

Gary Mar is president and CEO of the Canada West Foundation.

The Hill Times

The nation-building initiative of retrofitting Canada's buildings

Continued from page 26

Here's how it could look:

Federal funding could help expand repayable no-interest loans, and modified rules could increase private capital and ensure mortgage terms and insurance rates are more favourable when homes are retrofit (and built) to a resilient, healthy, low-carbon standard. Standards that save residents money for decades, also helping establish beachhead markets where early adopters thrive, demonstrating the economic and environmental value of high-performance buildings.

Special programming could target social, below-market housing, especially low–rise, multi–unit residential buildings built in the 1950s, 1960s and 1970s.

Provincial governments and their energy regulators could expand utilities' ability to buy energy services from customers. Unlocking new revenue streams from demand-side energy resources cuts the utility's operational costs and improves energy reliability (fewer blackouts) while contributing to the business case for building owners.

Canada's building retrofit rate is estimated to be well below one per cent per year. At that pace, it would take over a century to upgrade the entire building stock — far too slow to meet Canada's housing needs. These market-based incentives could maintain a five per cent annual retrofit rate, generating over $48-billion in economic development annually and creating up to 200,000 long-lasting, well-paid jobs. Policy and programs evolve over time, enabling service providers, construction companies, product manufacturers, and supply chains to scale up and invest in expanding their businesses – eventually providing the basis for new export industries.

That's real nation-building. And it's within reach.

Chris Severson-Baker is the executive director of the Pembina Institute, and holds a BSc in environmental and conservation science from the University of Alberta and a master of arts in environment and management from Royal Roads University. Monica Curtis is the senior director of the Pembina Institute's communities and decarbonization group. She was recognized as a 2019 Compelling Calgarian and as one of Canada's Clean 50 for 2020.

The Hill Times