

Set the bar high: in time of crisis, we need excellence

Bill C-5 Policy Brief

For: Federal government of Canada

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Purpose

To present the Pembina Institute's recommendations on Bill C-5: *An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act* tabled on June 6.

Summary

- In response to unprecedented challenges — including national sovereignty and security threats, economic uncertainty, and a worsening climate crisis — Bill C-5 proposes extraordinary fast-tracking of nation-building projects to deliver urgent solutions for Canadians; however, Bill C-5 requires key amendments in order to serve its intended purposes and accelerate critical projects while setting Canada up for long-term economic success, upholding Indigenous rights, and doing our share to address climate change.
- Bill C-5 should be considered a short-term solution to manage in a crisis. After the three years of the act in place, Canada should make improvements and restore the existing project approval processes, in order to execute projects via thoughtful, strategic, and equitable long-term decision making. Recommendations for these improvements should be developed in the three years the Acts under C-5 are in place.
- To qualify for fast-tracking, projects should have a very low risk of becoming stranded assets, catalyze the most private capital, provide the best outcomes for Canadians, and have the most mitigatable environmental and social impacts.
- Support from Indigenous communities — through free, prior, and informed consent — is a critical requirement for project viability under this legislation.

Context

- The Government of Canada under Prime Minister Mark Carney tabled Bill C-5: *An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act* on June 6.
- While Canada faces numerous major challenges — from the trade dispute with the U.S., economic issues including the cost-of-living, to intensifying climate impacts — the country also has an opportunity to tackle the pressing issues of national security and economic resilience in a rapidly changing world, meeting several crises impacting Canadians and our economy head on.
- Finding a way to strategically and responsibly fast-track nation-building projects is critically important, and the Pembina Institute supports work to urgently advance affordability, access to climate-resilient housing, trade diversification, national security, clean economic growth, quality jobs, and the health and well-being of all Canadians. This must include addressing climate change and its impacts, protecting biodiversity, and advancing reconciliation with Indigenous peoples. Policy changes that fundamentally address these issues should be considered nation building.

Considerations

To be considered for the extraordinary fast-tracking that Bill C-5 envisions, any project must:

- Have a **very low risk** of being stranded in the medium-term, meaning it will almost certainly benefit Canadians for many years to come.
- Catalyze **significant** private capital, provide the **best outcomes** for Canadians, and have the **most mitigatable** environmental and social impacts.
- Earn **support from Indigenous communities** through essential, important work of free, prior, and informed consent, and evaluate viability through careful environmental assessment to uncover important risks and mitigation plans.

While there will be calls to double-down on conventional energy infrastructure, global trends suggest Canada would be better served by positioning itself to lead in the new clean energy economy. Canadians are increasingly aware of the risks and support investment in clean economy growth:

- A June 2025 report from the [International Energy Agency](#) shows that in 2025, global investment in clean energy is set to **double** that of fossil fuels once again, rising to \$2.2 trillion. In 2024, investment in low-carbon solutions — like electrified transport and renewables — grew by 11 per cent, hitting a record \$2.1 trillion, driven by dramatic declines in the costs of new power generation and electrification technology.

- Recent [Clean Energy Canada](#) polling found **more than two-thirds** of Canadians favour developing clean energy over fossil fuels, while **85%** wish to maintain or increase federal climate action.
- In the past, building more fossil fuel infrastructure — in particular, pipelines — was an obvious choice, because everything was fossil fuel powered, and it seemed like it always would be. But now, the oil and gas sector faces a sustained decline, with global demand for oil set to peak in the 2030s, if not sooner.
- Demand for liquefied natural gas (LNG) is increasingly uncertain, with the majority of B.C.’s proposed LNG terminals set to come online in an over-saturated market full of low-cost competitors. These projects do not have a very low risk of becoming stranded assets.
- Growth in the supply of oil and gas no longer offers the same economic benefits to Canadians as it once did. When oil and gas profits skyrocketed post-pandemic, new investment and jobs didn’t to the same degree. Instead, companies increased the returns to shareholders.
- Also, while major carbon capture projects are often presented by oil and gas companies keen to address public and investor concerns over their emissions, only rarely have they been followed through on. With significant public support on the table via the federal Investment Tax Credits and provincial grants, and a well-fleshed out and flexible regulatory system to encourage CCUS in Alberta, these projects have already been sufficiently de-risked by the public.

The global transition to clean energy is accelerating. In 2025, becoming an “energy superpower” — as Canada’s federal government has stated intentions to do — means equipping ourselves to lead in that world. Canada will need to take a series of strategic actions to build a robust, modern, and resilient economy. Here are **six concrete** actions the Pembina Institute supports:

- **Electricity:** Growing non-emitting electricity generation centered on renewables, energy storage, energy efficiency, demand response, and major build-out of the national transmission system.
- **Transportation:** A "Marshall Plan" of EV charging infrastructure; an ambitious national plan to meet the Natural Resources Canada targets for Light Duty Vehicle and Medium and Heavy Duty Vehicle charging — complementing our national targets, creating jobs and investment, and building the market for critical minerals extraction.
- A **national transit plan** that secures funding for operations, helping with the affordability crisis and complementing a housing buildout.

- On **housing**: the recognition that addressing the housing and affordability crises through a massive scale up of construction is only half of the nation building opportunity. The other half is the scale up of a retrofit industry that can create in-community, skilled jobs, further supporting the manufacturing opportunities of HVAC and mechanical systems, panels and other building components currently manufactured in Canada. The full picture of a housing industry that includes new construction and retrofits is also required to ensure all Canadians have a climate resilient and safe home that is affordable to heat and cool.
- A **Sustainable Jobs Action Plan**: investment in training and public education capacity to promote rapid skills development to implement nation building clean energy projects.
- **Indigenous leadership**: Collaboration with Indigenous leaders to ensure economic participation and advancement of Indigenous communities alongside Canada's goals.

Recommendations

In forming these recommendations, we have considered others' analysis of Bill C-5, including colleagues at West Coast Environmental Law, Ecojustice, Canadian Parks and Wilderness Society, as well as David Wright and Martin Olszynski at the University of Calgary.

In **Section 5**, the more requirements are clearly laid out as detailed criteria and procedural requirements, the better the bill will stand up to future reviews, the greater the investor certainty it provides, and the more likely they will be achieved.

- Factors considered in section 5 should be the starting points or principles for conditions projects must meet.
- The Act must sunset on its third anniversary rather than its fifth. This is not so long that it will continue to incur risks beyond this time of extraordinary crisis, but long enough that national interest projects will advance with the support of the Act.
- We would also expand section 5 factors to include:
 - Economic prosperity (including low stranded asset risk)
 - National security
 - Trade diversification (including energy transition risk)
 - Affordability (including energy transition impacts, overall net energy costs, and risks from climate change and extreme weather)

- Clean growth potential (including demonstrable reduction in Canada’s greenhouse gas emissions)
- Well-being of Canadians – including health (via access to clean air and water), and resilience to extreme weather events
- Quality jobs (including living wage, local employment, consider energy transition risk)

On **section 7**: Unfortunately, even potentially excellent projects may not be developed and executed well, so we’re encouraged by the section 7 provisions that hold projects to demonstrate how they will comply with the acts and requirements they would usually be held to, or risk losing their national interest designation. Community and Indigenous engagement are critical, as is environmental assessment and mitigation planning. Doing these well and proactively is the best and fastest path to project development and nation building.

The Major Project Office established in **section 20** needs to have independent oversight and review at the end of the three-year sunset of this Act, similar to the reviews undertaken when other acts are applied in extraordinary circumstances. It is critical that a review of the implementation of these remarkable powers be independent, not a self-assessment by the minister who wielded them. We recommend amending **section 24** to have the Commissioner of the Environment and Sustainable Development carry out the review.

Finally, similar to the centralization of information and authorizations under a Major Projects Office to streamline and coordinate approvals across many Acts and government bodies, we recommend similarly centralizing compliance enforcement under a similar but different body charged with coordinating compliance in a manner consistent with each project’s section 7 document.

Conclusion

While we support fast-tracking nation-building projects that meet the five criteria government laid-out on June 2 – notably, being of high priority for Indigenous leaders, and having potential to drive clean growth and help Canada do its share to address the climate crisis – Bill C-5 requires key amendments before passing, and bill implementation should be seen as a short-term approach. Over the longer-term, this type of approach would carry the risk of developing highly-politicized projects – with different approval systems depending on the government holding office – which in turn would create uncertainty for investors. For long-term success, we need thoughtful reform to the overall decision-making system— and the re-implementation of that system – to avoid the politicization of key decision-making processes, and contribute to national security and economic resilience in a way that is strategic, responsible and fair.