



Parliament in 2017: Scoping Out the Key Issues, Developments & Policies

Today, after a month and half of winter break, Members of Parliament return to Ottawa to kick-off what is expected to be a busy and animated year ahead. With Prime Minister Trudeau wrapping up a cross-Canada tour to reconnect with voters, the Conservative leadership race heating up, and questions surrounding who will be the first official candidate in a bid to replace NDP leader Thomas Mulcair, there is no shortage of political intrigue. However, with the federal government set to move forward on fulfilling several campaign promises while it approaches its midterm cycle, the elephant in the room lies south of the border. From trade to defence and energy to immigration, the fallout from President Donald Trump's sweeping changes with his administration's "America First" agenda remains top of mind in Ottawa, across Canada and around the world.

In this contentious, increasingly globalized political environment, NATIONAL's Ottawa office previews what to look for in the year ahead. Our team of experienced consultants is staying on top of government challenges and ahead of the game with an eye to the future so that we are ready to help organizations ensure that their voices are heard. We've collected for you a sample of some of the top issues and developments that you can expect in 2017:

- Balancing multilateralism with the world and bilateral ties with the United States
- Growing pipeline capacity
- Tackling climate change
- Infrastructure spending boom
- Defence procurement
- Legalizing and regulating marijuana

Balancing multilateralism with the world and bilateral ties with the United States



No issue in Ottawa is more pressing than dealing with the shockwaves coming from Trump's changes to the North American and global trade agenda. His executive order pulling out of the Trans Pacific Partnership (TPP) and plans to renegotiate the North American Free Trade Agreement (NAFTA) are putting pressure on the Canadian government to strike a balance in keeping strong bilateral trade ties with the US while still seeking new global opportunities.

Prime Minister Trudeau and senior officials, including the Canadian Ambassador to the US, have shown a willingness to renegotiate NAFTA. Meanwhile, the recent cabinet shuffle draws on Foreign Affairs Minister Chrystia Freeland's US experience, strengthening Canada's ability to take on the protectionist Trump administration. With NAFTA renegotiations beginning this summer, Canada will have to give some ground. By proactively engaging, the federal government plans to defend critical industries like automotive manufacturing.

While Minister Freeland is busy engaging with the United States, expect newly appointed Trade Minister François-Philippe Champagne to be crisscrossing the globe. One of his priorities will be the launch of free trade talks with China, a negotiation that will mean significant opportunities for Canadian industry but also major threats. Anyone hoping to export to China or whose business would be threatened by an increase in imports from China will need to monitor these talks closely and ensure that the government hears their concerns.

This will also be an active year for the federal government on the international stage as it ramps up Canada's military, refugee response and development presence. The government is poised to announce where it will deploy soldiers and police to support peacekeeping operations, which will trigger a series of small and short procurement processes for items to support the mission. Though reports suggest that an announcement on this deployment is being held up as Canada tries to get a handle on Trump's international priorities.

Canadians should expect to see the first wave of Yazidi refugees arriving in early spring, an effort that builds on Conservative MP Michelle Rempel's aim to make this a government priority last year. As Trump moves to restrict refugees from some Muslim majority countries, which dominated headlines this past weekend, it is likely that more pressure will be put on Canada to fill the void. The government will also continue its efforts to spread the reach of Canadian humanitarian aid to more countries.

Growing pipeline capacity



The Expert Panel leading the review of the National Energy Board (NEB) will recommend how to modernize the regulator in a report to government by the summer. This report will inform Natural Resources Minister Jim Carr in his overhaul of the NEB, fulfilling a Liberal campaign pledge to restore public confidence in federal oversight of industry.

With two major projects newly approved, Trans Mountain and Line 3, the future of pipelines will continue to be a key issue. While opponents gear up for protests and court action against this expansion, the government will be looking to balance growing the oil industry with preventing spills and lowering carbon emissions.

The proposed Energy East pipeline will restart its stalled review process under the newly appointed Energy East Hearing Panel. We expect a hearing schedule soon that will move forward during the NEB reform. The assessment is on-going and operates under a modified set of novel guidelines.

Last week's presidential memorandum, which will allow TransCanada to reapply for a permit for cross-border construction of the Keystone XL pipeline, has resuscitated the \$8 billion project. Although this move was warmly welcomed by Prime Minister Trudeau and Minister Carr, not to mention the people of Alberta that serve to benefit from the development of the oil sands, it is not without pitfalls including several possible conditions imposed by President Trump.

Tackling climate change



As President Trump is expected to pull back on US commitments to the Paris Agreement, the Government of Canada is on a clear path with a series of initiatives to meet its objectives. At the forefront is an agreement with the provinces to create a low-carbon economy. Known as the Pan-Canadian Framework on Clean Growth and Climate Change, it was signed in December after months of heated negotiations with provincial and territorial leaders.

Carbon pricing is an essential feature of this framework, though it is only one of several mechanisms for meeting Canada's 2030 emission targets. This year, Ontario and Alberta will roll out their carbon pricing plans, while other provincial governments develop a suite of further climate policies, regulations and mechanisms within the Pan-Canadian framework.

Other framework areas will get more attention as the government announces policies and funds to take climate action, such as further investments in public transit infrastructure and new initiatives to develop and implement innovative green technologies.

Infrastructure spending boom



The Liberals campaigned on a pledge to spend billions on infrastructure projects to boost the economy, and this year we will see some significant movement on this front. The 2016 Budget included \$186 billion in long-term funding that has mostly been slated for greening Canada and improving access to social infrastructure across the country, with the remainder going towards public infrastructure revitalization, education and broadband internet.

According to Infrastructure Canada, 480 projects, which received a combined value of \$2.59 billion in federal investment, will begin construction in 2017. More than \$5.2 billion has been approved for infrastructure this fiscal year. With two months left, we expect Finance Minister Bill Morneau to approve more funding to boost slow economic growth.

Next fiscal year will see the highest spending within the government's 4-year mandate with a commitment to more than \$8-billion, with more expected to be announced. According to the government's Infrastructure Plan, about 43% of the budgeted funds will go to municipal public transit projects and revitalizing federal public infrastructure. The remainder will be split between green and social infrastructure projects.

The 2017 Budget, which according to some reports is expected to be released at the end of February, will have a number of items that we are keeping a close eye on. One expected priority is increased funding for inter-provincial transmission projects—a critical element of Canada's new climate [plan](#) that will fall under the green infrastructure fund.

Another item that has emerged, especially after a recent ruling by the Canadian Radio-television and Telecommunications Commission (CRTC) that declared broadband internet an essential service, is the need for more funding to improve rural high-speed connection.

Defence procurement



This spring, Defence Minister Harjiit Sajjan is expected to wrap up a review of defence policy that will shape the way Canada's Armed Forces operate and evolve during the Liberal mandate and beyond. We expect recommendations for significant changes to the way Canadian soldiers are trained, supported and transitioned back to civilian life. These recommendations will accompany other adjustments for the Canadian Forces surrounding deployment, operations, military infrastructure and procurement.

The government will announce more details about its controversial decision to sole source the Boeing F-18 Super Hornet as an interim fighter jet while it begins a 5-year procurement process for total fleet replacement.

The multibillion-dollar National Shipbuilding Strategy to renew the fleets of the Royal Canadian Navy is expected to make significant progress in 2017. The government will award a contract to maintain Arctic Offshore Patrol and Joint Support Ships, as well as receive bids for the Canadian Surface Combatant that will replace the Navy's aging fleet of frigates and destroyers. However, media reports of a RCMP investigation into Vice-Admiral Mark Norman, second in command of the Canadian military, has cast a dark shadow over this \$26.2 billion project to build up to 15 ships.

It is still too early to see how all of these developments will be impacted by moves south of the border as President Trump shakes up both the defence industry and military establishment. However, what is clear is that Trump's comments on the failure of NATO

countries to live up to 2% in GDP defence spending and his tweets on major American military technologies will bring further volatility to Canada's deeply sensitive defence sector.

Legalizing and regulating marijuana



Last December, a task force presented advice to Parliament about a framework to legalize and regulate access to cannabis. The government has since reviewed this report and is expected to introduce legislation based on its findings this spring.

It is not likely that this legislation will pass all three readings and come into force this year as we expect it to face serious opposition from several sectors, including parents and hard-line law and order advocacy groups. A more realistic timeline for its legalization is 2019, as it will face significant delays in committee.

In addition to making amendments to the *Criminal Code of Canada*, cannabis legalization will add sections relating to the control and sale of cannabis and cannabis-related products to the *Excise Act*. This is an opportunity for the federal government to modernize the convoluted Act in a way that fosters economic growth while protecting Canadians.

These moves will create major changes in the regulatory environment, potentially setting the structure for a whole new industry. Lobbying activity in Ottawa is already heated and will only grow in the months ahead.

Engage now



It is clear that the federal government plans to make 2017 a busy year of implementation, building on the plans it laid in 2016 and pushing forward on its key priorities with an eye to the October 2019 federal election. Now more than ever, it is critical for organizations to engage with the government, ensuring that their voices are heard and their interests are represented as the government shifts from consultation to action.

During this transition period, it is critical that stakeholders deepen their relationships with the federal government, leveraging trusted partners to position themselves as resources that can be relied upon by the government for knowledge, sound advice and sectoral leadership. NATIONAL Public Relations is that trusted partner, able to provide the bold thinking required to ensure that your organization is in the right position, ready to create a positive impact in this time of change.

NATIONAL Public Relations has been a leader in the fields of public affairs, communications, and government relations for more than 40 years. We understand that governments operate in an environment that is often contentious and under constant scrutiny. At NATIONAL, we have experienced professionals in Ottawa who successfully guide clients through policy and politics in order to chart a path to success.

Contact our Ottawa Government Relations team directly any time.

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