

# Ottawa & Ontario Ink New Environmental Assessment Cooperation Agreement



Facing tariffs, labour shortages, and other national economic challenges, the Government of Canada has determined to cut regulatory red tape impeding business. As part of this strategy, Ottawa recently signed cooperation agreements with British Columbia, Ontario, and New Brunswick to streamline and speed up environmental impact assessment. The objective of these agreements is to clarify the respective roles of the federal and provincial governments in the assessment process and minimize duplicative requirements. Here's a quick briefing of what EHS directors need to know.

## Canadian Environmental Impact Assessment Regulation & the IAA

Businesses in Canada must navigate the assessment process before launching major development projects with potential impacts on the environment. While environmental assessment has historically been carried out by the provinces and territories in accordance with their own laws, the federal government has authority to regulate projects that are inter-provincial in scope.

In 2019, the federal government passed controversial

legislation called the *Impact Assessment Act* (IAA) giving itself the right to evaluate the environmental, social, cultural and heritage impacts of a wide range of "designated projects" listed in the regulations, which include not just **inter-** but also **intra-provincial** development, construction, commerce, and other activities historically regulated by the provinces.

A group of provinces led by Alberta went to court claiming that the IAA was unconstitutional. In October 2023, the Supreme Court of Canada ruled that the IAA's "designated projects" provisions are unconstitutional to the extent they insinuate federal regulatory authority over projects that are essentially local matters with little to no inter-provincial significance. While protecting the environment is an essential national objective, it must be carried out within the framework of the Constitution and the balance of federal and provincial powers, the Court reasoned [[\*Reference re Impact Assessment Act\*](#), 2023 SCC 23 (CanLII)].

## The 2024 IAA Amendments: 'One Project, One Review'

In response to the Supreme Court's decision, the federal government amended the IAA to achieve a new, simplified regulatory approach that it described as "one project, one review." New language in the IAA mandates that, in administering the law, federal authorities exercise their powers in a manner that promotes cooperation among jurisdictions."

The IAA also adds new provisions to further such cooperation, including Sections 114(1)(c), (d), and (f) authorizing the federal Minister of Environment (Minister) to enter into agreements or arrangements with other jurisdictions to facilitate assessments. These provisions allow for agreements to be made with

other jurisdictions respecting the exercise of powers in relation to impact assessments, coordination, consultation, information exchange, and the factors to be considered in assessing the effects of designated projects.

## **Federal-Provincial Impact Assessment Cooperation Agreements**

Cooperation agreements typically affirm each party's jurisdiction and commitment to make environmental assessment more efficient, timely and transparent via adoption of "one project, one review" principles. They then set out the details about how the respective governments will work together to achieve that goal. The potential models:

- Harmonized environmental assessment that incorporates both federal and provincial expertise.
- Full substitution in which the federal government defers to and relies on the provincial process.

The federal government has entered into IAA cooperation agreements with 5 provinces.

### **British Columbia**

Signed in September 2019, the agreement with British Columbia was the first and, until recently, only finalized and executed IAA cooperation agreement. It provides for assessment via substitution, allowing the BC Environmental Assessment Office to conduct the assessment process in accordance with provincial assessment laws, resulting in the approval of 2 projects so far: The Ksi Lisims LNG – Natural Gas Liquefaction and Marine Terminal Project, and the Cedar LNG Project, the latter of which was completed in just 3.5 years.

## **Ontario**

Ontario finalized its own IAA cooperation agreement with the federal government on December 18, 2025. As in British Columbia, "one project, one review" in Ontario will be based on substitution. Thus, a project that would have previously been subject to both federal and provincial assessment will now only be subject to the Ontario environmental assessment process. The agreement also includes a side deal requiring the Agency to complete its current assessment of the roads to the Ring of Fire by June 2026.

## **New Brunswick**

The New Brunswick cooperation agreement, which was finalized on December 16, 2025, follows the alternative harmonization model by creating a joint federal-provincial environmental assessment process for major projects in which each level of government will share expertise, information, and best practices.

## **Manitoba**

Ottawa also recently signed draft "one project, one review" agreements with two other provinces. Under the Manitoba draft agreement signed on November 19, 2025, projects involving a federal work or undertaking (as defined under the *Canadian Environmental Protection Act, 1999*) will be subject to "integrated" assessment by joint review panels representing both the provincial and federal governments.

## **Prince Edward Island**

Signed on November 3, 2025, the Prince Edward Island draft agreement is similar to the Manitoba arrangement. As in Manitoba, PEI may request that the provincial process be

substituted for the IAA process required for federal work or an undertaking.

## Takeaway

In addition to balancing federal and provincial powers, cooperation agreements free up business to undertake projects that create jobs and develop infrastructure, housing, and other strategic needs. So, expect other provinces and territories to cut their own "one project, one review" deals. Thus, the recently signed Memorandum of Understanding between Ottawa and Alberta includes an agreement to negotiate an environmental assessment cooperation agreement by April 2026. Meanwhile, negotiations are ongoing in other provinces, including Québec.