

2025 Federal Election In Review



Torys' Canadian and New York offices will be providing [regular briefs](#) on the legal ramifications of the tariffs and other cross-border policy developments on the horizon.

Results

The Liberal Party of Canada won the federal election held on April 28, 2025, and Prime Minister Mark Carney will be invited to form the next government.

At the time of publishing, the Liberals are elected or leading in 169 seats in the House of Commons. 172 seats are required for a majority.

The seat count, subject to any recount, is (2021 seat count in brackets):

Liberal Party: 169 (160)

Conservative Party: 144 (119)

Bloc Québécois: 22 (32)

New Democratic Party: 7 (25)

Green Party: 1 (2)

Implications of results

This is the third consecutive election in which the Liberals have won a plurality of seats and will form a minority government—something they have done since October 21, 2019.

This means the passage of bills in Parliament will depend on soliciting support from non-Liberal members of Parliament which makes the passage of legislation less predictable than with a majority government and makes the ultimate tenure of this government uncertain.

Legislative and policy horizon

Pre-election priorities

A few of Prime Minister Carney's first official decisions provided a glimpse into his

pre-election positioning: the March 14 Cabinet shuffle (which also reduced the size of Cabinet from 37 to 24), setting the rate of the federal fuel charge (often referred to as the “consumer carbon tax”) to zero and cancelling the planned increase to the capital gains inclusion rate.

Canada-U.S. relations

The need to respond to a changing geopolitical environment will be a top priority for the new government. We anticipate the government will focus on these issues as it prepares to host the upcoming G7 leaders’ summit in Kananaskis, Alberta in June.

As regards the United States, Prime Minister Carney has committed to working with President Trump to renegotiate “a new economic and security relationship” between the two countries post-election. It remains to be determined how this may fit with the tripartite joint review of the Canada-United States-Mexico Agreement scheduled for 2026.

Post-election policy horizon

The Prime Minister must now choose his post-election Cabinet and issue mandate letters—constituting the first substantially revised mandate letters since December 2021—which will likely provide some meaningful detail about the new government’s priorities. Until then, the 2025 Liberal platform offers some insight into the direction policy may take, which includes the following initiatives:

1. A focus on critical infrastructure projects and getting big projects built quickly by establishing “One Window” project decisions through a Major Federal Project Office and requiring this new office to render final decisions on projects on a maximum two-year timeline, while upholding rigour when it comes to environmental protection and Indigenous consultation and participation. Our recent [Torys Quarterly](#) explores the imperative of advancing projects of national importance.

Some examples of the big projects highlighted by the platform include, among others:

- High-speed rail that connects Windsor and Québec City. We note this commitment goes beyond the February 19, 2025 announcement by then-Prime-Minister Trudeau to develop a high-speed rail network between Toronto and Québec City.
 - AI infrastructure including data storage facilities, computing capacity, communication networks and digital supply chain solutions. Read our recent bulletin for more about Torys’ insights on [digital infrastructure and data sovereignty as a national priority project](#).
 - The platform also proposes advancing nation-building infrastructure projects through the recently doubled Indigenous Loan Guarantee Program from \$5 billion to \$10 billion and increasing the sectoral scope of the program.
2. A commitment to making Canada into an energy superpower including by:
 - Building out Canada’s east-west electricity grid.
 - Moving forward on Canada’s six major investment tax credits (ITCs) that support clean energy and technology—the Carbon Capture, Utilization, and Storage ITC, the Clean Technology ITC, the Clean Electricity ITC, the Clean Hydrogen ITC, the Clean Technology Manufacturing ITC, and the Electric Vehicle Supply Chain ITC.
 - Attracting, expanding and derisking investments in critical minerals exploration and extraction through: (i) broadening the Critical Mineral

- Exploration Tax Credit, (ii) expanding eligible activities under Canadian exploration expenses, and (iii) modifying the Clean Technology Manufacturing Tax Credit to include critical mine development expenses for brownfield sites while expanding the list of critical minerals.
3. A commitment to eliminating all federal barriers to interprovincial trade and labour mobility, and to remove all federal exceptions under the Canada Free Trade Agreement. Read our bulletin on [interprovincial trade barriers](#) for more information on these barriers and the efforts that are currently underway to remove them. As one such example, it will be interesting to see if the federal government leads provinces in the removal of barriers to the [domestic provision of financial services](#).
 4. A recommitment to completing “a fair and consistent” set of international tax rules as proposed by the Organization for Economic Cooperation and Development (OECD). This can be read as a recommitment to the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy agreed by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in October 2021. This recommitment is noteworthy in the context of President Trump’s challenge of [international tax measures intended to allocate taxing rights to the digital economy](#).
 5. An emphasis on defence and Arctic sovereignty and prosperity through:
 - increasing overall defence spending and overhauling defence procurement, partly by establishing a new Defence Procurement Agency with an aim to boost domestic industries and production; and
 - strengthening the presence of the Canadian Armed Forces in the Arctic and investing in Northern infrastructure, including energy projects, housing, and transportation projects, and working with Arctic and Northern Indigenous partners in these projects.
 6. A \$2 billion Strategic Response Fund to boost the Canadian auto sector’s competitiveness and build an “All-in-Canada” network for auto manufacturing component parts.
 7. Reintroduction of the Multi-Unit Rental Building tax incentive for home builders.

Importantly, it remains unclear whether this government will advance certain initiatives that were set in motion under the previous government, including:

- Efforts to incentivize Canadian public sector pension funds to invest more in Canada including by advancing the specific commitments made to this effect in the [2024 Fall Economic Statement](#). That said, the platform commits to recapitalizing the Venture Capital Catalyst Initiative and to prioritizing AI infrastructure, two discrete elements of the 2024 *Fall Economic Statement* initiative aimed at incentivizing more investment from Canadian public sector pension funds.
- Certain proposed [changes to banking, consumer protection, anti-money laundering and payments rules](#) from the 2024 *Fall Economic Statement*—in particular the long-promised legislation to implement the Complete Framework for Consumer-Driven Banking (“open banking”) which is anticipated to launch in 2026.
- [Enhanced anti-forced labour and anti-child labour legislation](#) to complement the existing reporting regime under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

In addition, the future of industrial carbon pricing and other climate programs will be examined, potentially marking an inflection point in Canadian climate policy (as discussed by Tyson Dyck in this article on [the impact of the election on climate regulation in Canada](#)).

Prorogation and terminated legislation

We will be watching to see whether the bills that terminated when Parliament was prorogued on January 6, 2025 will be re-tabled by the government (or, in an unlikely but possible scenario, brought back by the unanimous consent of the House of Commons). For more commentary on the effects of prorogation, consult [our bulletin on the effects of prorogation](#). Those bills include:

- Bill C-27, which included the *Artificial Intelligence and Data Act*, aimed at regulating the use of artificial intelligence. It also proposed reforms to Canada's 25-year-old privacy law, including a basis for data portability frameworks, new penalty powers and expanded privacy protections for minors. In the absence of clarity on the future of Bill C-27, consult [our recent bulletin on privacy and AI regulation](#) with Bill C-27 no longer on the horizon.
- Bill C-26, which proposed new cybersecurity requirements for certain federally regulated industries that could affect the continuity or security of vital systems or that provide vital services.
- Bill C-65, which proposed to amend the *Canada Elections Act* to, among other things, protect against foreign interference in Canada's federal elections. For example, third parties would be required to receive and pay for regulated activities only using contributions received from Canadian citizens or permanent residents.

Implications for businesses and other organizations

Businesses and other organizations should continue to identify the implications to them of this policy and legislative horizon. Businesses and organizations undertaking significant transactions should keep this policy horizon in mind and should ensure they take an integrated 360-degree view of transactions. Pre-planning and coordinating the legal, business, government, and appropriate public relations strategies have never been more crucial to effectively managing and derisking transactions and regulatory reviews—especially for foreign direct investments in Canada in light of the [proposed changes to the Guidelines on the National Security Review of Investments](#) under the *Investment Canada Act*.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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