

Year In Review 2025: Canadian Digital Policy



Canada's digital policy agenda was reshaped in 2025 as elections, prorogation, and legislative resets stalled key reforms and set the stage for a pivotal year ahead.

With the House of Commons rising on December 11, 2025, and set to return on January 26, 2026, this publication reflects on the year's digital policy developments of 2025 and considers what lies ahead in 2026.

Digital policy in 2025

The year 2025 proved to be a turbulent period for Canada's digital policy landscape, with several high-profile legislative initiatives facing uncertainty and recalibration.

The prorogation of Parliament in January and the April federal election reset Canada's digital policy agenda. Several major bills died on the Order Paper, including C-27 on privacy and artificial intelligence, C-26 on cybersecurity, and C-63 on online harms.

Bill C-27

Bill C-27 had proposed a comprehensive framework to modernize privacy law and regulate AI, including a new *Consumer Privacy Protection Act*, a tribunal for enforcement, and the *Artificial Intelligence and Data Act*. Committee work on C-27 highlighted key themes such as recognizing privacy as a fundamental right, strengthening protections for children, and clarifying obligations for high-impact AI systems.

The government has confirmed that these measures will not return in the same form when privacy reform is likely introduced again in 2026.

Bill C-26

Bill C-26, the government's cybersecurity legislation, also died on the Order Paper but re-emerged later in the year as Bill C-8, *An Act respecting cyber security*. This bill updates the *Telecommunications Act* and introduces the *Critical Cyber Systems Protection Act* to secure vital infrastructure. It mirrors the framework of former Bill C-26 and is currently under study by the Standing Committee on Public Safety and National Security (SECU) following second reading in October 2025.

Under the proposed regime, organizations operating critical infrastructure would be subject to mandatory cybersecurity programs, incident reporting, and compliance audits. This would require significant investment in security systems and governance processes to avoid penalties and reputational risks.

Bill C-63

Online harms proposals, advanced in 2024 by the government in Bill C-63, the Senate in S-210, and the opposition Conservatives in C-412, also returned in 2025 post-election.

Bill S-209, *Protecting Young Persons from Exposure to Pornography Act*, was introduced in the Senate in May and is now under study by the Standing Senate Committee on Legal and Constitutional Affairs. It criminalizes making explicit content available to minors online and mandates government-approved age verification systems with strict privacy safeguards.

Despite improvements over its predecessor, concerns remain around age verification, privacy, and regulatory burden. A Conservative private member's bill, C-216, the *Promotion of Safety in the Digital Age Act*, was introduced in the House of Commons in June and seeks to enhance online protections for minors, though it has not advanced beyond first reading.

Taken together, proposed online harms measures would require digital platforms and content providers to implement robust age verification technologies and privacy-compliance systems. This could lead to higher compliance costs and potential liability for non-compliance.

Bill C-2

Lawful access became a major focus with Bill C-2, the *Strong Borders Act*, introduced in June and now stalled at second reading. This sweeping legislation enhances border security by amending multiple statutes, including the *Customs Act* and *Canada Post Corporation Act*. Notably, it grants new powers for warrantless searches in urgent cases and obligates electronic service providers to enable lawful access to their systems. Parts 14 and 15 of C-2, which establish the lawful access regime, drew significant scrutiny from privacy advocates, industry, and opposition parties.

In response, the government introduced Bill C-12 in October to strengthen Canada's immigration system and borders while excluding those controversial provisions. C-12 completed second reading and is now under committee study.

If enacted, C-2 would impose technical and operational requirements on telecom and digital service providers to facilitate lawful access, increasing compliance complexity and raising privacy risk concerns. C-12, by excluding these provisions, reduces immediate compliance pressure but signals ongoing debate on obligations surrounding national security and digital services.

Additional developments: Bill C-4 and Bill C-15

Other developments included Bill C-4, *Making Life More Affordable for Canadians Act*, which is at the reporting stage. While primarily focused on tax and affordability measures, it also amends the *Canada Elections Act* to exempt federal political parties from privacy compliance obligations.

Bill C-15, the government's budget implementation bill, introduced a data mobility right to support open banking initiatives. Digital sovereignty continued to gain traction through infrastructure investment and policy commitments. Financial

institutions and fintech companies should prepare to enable secure data portability and interoperability, which may require investment in API infrastructure and compliance with new technical standards to support consumer data rights.

2026 Lookahead: Issues to watch

Privacy reform is expected in early 2026, and will likely emphasize rights-based protections, stronger enforcement powers, and modernized consent rules. Unlike Bill C-27, artificial intelligence regulation will proceed separately this time. Minister of Artificial Intelligence and Innovation Evan Solomon is expected to take the lead on the new privacy reform legislation instead of Industry Minister Melanie Joly.

Lawful access powers and search authorities will remain contentious as C-2 sits on the Order Paper and parties strategize on its future.

Cybersecurity legislation will continue through committee, and C-8 is expected to pass with mandatory incident reporting and critical system obligations coming into force.

Online harms regulation will proceed as S-209 and C-216 progress. However, it is unclear whether there is appetite in the House of Commons to advance S-209 when it passes through the Senate amid competing policy priorities.

Imminent trade negotiations under CUSMA will shape cultural and digital policy, influencing the future of C-11 (the *Online Streaming Act*) and C-18 (the *Online News Act*) which became law in the last Parliament. It is possible that these statutes will be stripped back as part of negotiations, considering the government's decision to repeal the digital services tax in 2025 in response to trade pressures from the United States.

Open banking will likely advance, operationalizing the new data mobility right proposed in Bill C-15, designed to drive interoperability and consumer control of data.

Digital sovereignty will likely remain a strategic priority through infrastructure investment and policy alignment as Canada seeks to remain competitive amid global uncertainty.

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