



September 14, 2022

Peter Schiefke, M.P.
Chair
Standing Committee on Transport, Infrastructure and Communities
House of Commons
Ottawa, Ontario K1A 0A6

Dear Peter Schiefke:

Pursuant to Standing Order 109 of the House of Commons, I am pleased to respond on behalf of the Government of Canada (the Government) to the third report of the Standing Committee on Transport, Infrastructure and Communities (TRAN Committee), entitled *The Canada Infrastructure Bank*. The report presented a single recommendation: “that the Government of Canada abolish the Canada Infrastructure Bank,” tabled in the House of Commons on May 2, 2022.

While the Government recognizes and respects the efforts of the TRAN Committee to ensure the Canada Infrastructure Bank (CIB) continues to meet the needs of Canadians and our communities from coast to coast, the Government strongly disagrees with the recommendation. In fact, no witnesses cited in the report called for the CIB to be abolished. Moreover, the report relied exclusively on data and testimony compiled from February to March 2021, as well as the April 2021 Parliamentary Budget Officer report, and does not reflect the current state of the CIB nor its progress since the TRAN Committee concluded its study.

The CIB plays an important, value-added role in attracting private sector and institutional investment in infrastructure projects that are in the public interest. It also plays a critical role providing advice to project proponents on structuring complex partnerships to deliver better outcomes for Canadians. Limited or reduced private sector investment attracted to Canada would result in the cost of infrastructure being borne by all levels of governments at a time when fiscal positions are strained while facing increasing demands in transitioning to a low-carbon economy.

The CIB is delivering on important priorities for Canadians across the country; I am pleased to highlight their accomplishments.

...2

Canada needs the Canada Infrastructure Bank

Canada, like many nations, faces an infrastructure gap. The challenge of addressing this gap is compounded by the estimated costs of transitioning to a low-carbon economy. Attracting private capital is critical to reduce the cost of infrastructure for all levels of government while meeting our climate and economic goals.

The CIB complements existing federal and provincial grant and contribution arrangements by attracting private sector and institutional investment, bringing in more capital to finance infrastructure projects. Moreover, the CIB is the only federal government entity mandated through legislation and policy to attract private and institutional investment to infrastructure projects, and provide expert advice to all levels of government on infrastructure investments generally.

The Canada Infrastructure Bank is delivering results

The CIB has made significant progress since the TRAN Committee's study was completed. As of August 12, 2022, the CIB is participating in 39 projects located from coast to coast, in Northern, rural and remote communities, as well as in large urban areas. Its approved investments of \$7.6 billion have attracted \$7.7 billion in private and institutional capital to projects with a total capital cost of \$21.6 billion. The CIB publishes details of its investments and project partnerships on its [website](#), which is updated regularly.

The CIB is working with provinces, territories, municipalities and Indigenous communities to ensure a steady flow of investments in short- and long-term infrastructure projects. The CIB's programs have matured and facilitate faster investment in shorter-term projects. The Zero-Emission Buses Initiative, Commercial Building Retrofits Initiative and Public Building Retrofits Initiative facilitate rapid investment in these sectors because of established investment processes, positive market momentum and increased program awareness. For example, through the Zero-Emission Buses Initiative, the CIB helps transit agencies in the City of Edmonton, Brampton and Ottawa and school bus fleet operators in the province of Quebec and British Columbia modernize their fleets to zero-emission buses. Since commercial infrastructure is a significant contributor of greenhouse gas (GHG) emissions, investments through the Commercial Building Retrofits Initiative are a key part of the overall strategy of reducing emissions. Without the CIB investing in projects such as commercial building retrofits, there would be a less incentive for the private sector to participate in greening their infrastructure.

The CIB also invests in broadband connectivity initiatives for underserved communities so they can better participate in the digital economy. These investments fill a financing gap that exists for connecting remote households, because the significant upfront cost cannot be recouped through the revenue generated from a small number of users. The CIB is addressing this gap through investment alongside private sector investment and grant funding from Innovation, Science and Economic Development's Universal Broadband Fund. For example, the CIB invested in the Manitoba Fibre project, which involves connecting approximately 48,500 underserved households with fibre-to-the-home, across rural municipalities. The CIB also invested in the Ontario Rural Broadband project, which involves connecting approximately 200,000 underserved rural households in Ontario.

In addition, the CIB is helping close the Indigenous infrastructure gap. The CIB has committed to invest at least \$1 billion to close the infrastructure gap in Indigenous communities, which includes investments through its Indigenous Community Infrastructure Initiative (ICII) program. To reduce barriers to entry, the ICII program reduces the minimal loan size from above \$100 million to \$5 million and allows for flexibility in terms of repayment. Project examples include Atlin Hydroelectricity Expansion, Arrow Technology Group Broadband, Kahkewistahaw Landing Infrastructure, Kivalliq Hydro-Fibre Link, Tshiuetin Railway and Oneida Energy Storage.

The CIB is also supporting complex, longer-term projects of national significance, including the High Frequency Rail (HFR) and the Atlantic Loop, facilitating the advancement of legal, regulatory, technical, financial and commercial analysis and assessment, as well as consultation with stakeholders.

The Canada Infrastructure Bank is investing in key priorities

The Government has set priorities for the CIB to invest in five sectors: public transit, green infrastructure, trade and transportation, broadband and clean power; and to engage in large transformative infrastructure projects that provide the greatest economic, social and environmental returns, including building a portfolio of investments that make a substantive contribution to reducing GHG emissions.

To help achieve these goals, Budget 2022 broadened the CIB's scope of permissible investments to include private sector-led infrastructure projects that are in the public interest to accelerate the transition to a low-carbon economy, such as small modular reactors; clean fuel production; hydrogen production, transportation and distribution; and carbon capture, utilization and storage. Further, under the Emissions Reductions Plan, the CIB is expected to invest \$500 million in large-scale zero-emission vehicle (ZEV) charging and refueling infrastructure to help accelerate the adoption of ZEVs and reduce Canada's transportation emissions.

In sum, the CIB continues to make progress in advancing government priorities by helping to close the infrastructure gap, supporting climate change mitigation and adaptation, and contributing to growing key sectors of the economy.

The Government is committed to ensuring the CIB is a well-functioning institution that is responsive to the needs of communities, delivers positive outcomes for Canadians, and minimizes the fiscal pressure on all levels of government.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. LeBlanc', written in a cursive style.

Dominic LeBlanc, P.C., Q.C., M.P.