

# Five things to know about private investors and federal infrastructure plans

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OTTAWA - The federal Liberals are banking on landing cash from domestic and foreign investors to finance their vaunted infrastructure plan. Monday was the government's big chance to woo private investors with the help of a major investment company. Here are some things to know about the meeting and the context behind it.

1) The federal government could use the cash. The Liberal infrastructure program is large — more than \$90 billion over the next 11 years — and the plan rests on using \$15 billion of that money and \$20 billion more in seed capital to leverage three or four times as much investment from the private sector. The extra money would help the government pay for its infrastructure promises and help keep another: maintaining a downward trend in the debt-to-GDP ratio. If that ratio goes up, it would signal that the economy and tax revenues aren't growing fast enough to help pay for more federal debt.

2) Trudeau and many members of his cabinet met Monday with representatives from central banks, sovereign wealth funds, insurers and pension funds that collectively control as much as \$21 trillion in capital. The meeting may not have happened without the help of investment firm BlackRock Inc. The company is a major player on the international investment stage and its chairman, Larry Fink, has been described as one of the most powerful financial executives in the world.

3) It would be wrong to think that the government is only looking at foreign cash to help finance its domestic agenda. The Liberals see domestic funds as a way to fund projects quickly, especially smaller ones that don't interest large investment firms. Early investment and success in the government's promised infrastructure bank, which will be the vehicle to leverage private investment in public infrastructure projects, is critical. If the infrastructure bank sputters, the government's agenda could be derailed.

4) Private cash may make it easier to build badly needed infrastructure, but the NDP warn that the cost could be passed on in the form of user fees and tolls. An internal government analysis, obtained by The Canadian Press under the Access to Information Act, concluded that a significant proportion of lower-income Canadians could be forced to dig into their wallets to cover those fees, hurting their bottom line. Economists say such fees are necessary to help pay for the infrastructure itself; and it would be necessary for private investors to hand over their money.

5) Despite all the big numbers, government spending is not as high in the short term as it may seem. Of the infrastructure spending outlined in Finance Minister Bill Morneau's economic update earlier this month, \$60.3 billion of the \$81.2 billion is scheduled to be spent after 2022 and only \$1.7 billion, or two per cent of the \$81.2 billion, is new money scheduled to be spent within the six-year plan the Liberals laid out in their first budget. The new money is largely allocated for the 2018-2019 fiscal year, based on an analysis by the parliamentary budget office. (That also happens to be the last fiscal

year before the next scheduled federal election.) The PBO report released Monday also shows that about 36 per cent of the \$11 billion earmarked under the first phase of the Liberal infrastructure program has been allocated to specific projects.

Note to readers: This is a corrected story. An earlier version could have left the impression that only two per cent of the \$81.2 billion would be spent within the six-year plan.