

Trudeau's investment pitch wins praise as Ottawa courts world's most powerful investors

[Barbara Shecter](#) | November 15, 2016 | Financial Post

TORONTO — Prime Minister Justin Trudeau pitched fund managers from around the world on the merits of investing billions in Canadian infrastructure projects Monday, earning praise from some but leaving others with questions about how such deals would work.

Ottawa is setting up a new entity — the Canada Infrastructure Bank — to promote large national and regional projects, including revenue-generating ones it hopes will draw the interest of big institutional investors, including domestic pension funds.

Monday's meetings in downtown Toronto — a morning session with Canadian pension funds managers and top bankers, and an afternoon discussion with international investors — brought the prime minister and key cabinet ministers face-to-face with some of the money managers they will need to attract to make the bank a success.

Ron Mock, chief executive of the Ontario Teachers' Pension Plan, said Trudeau and his cabinet have “got their head in the right place” in creating projects that would draw on government money and investment from institutions, such as pension funds.

“They did a great job,” Mock said as he left the morning meeting, which also included Trudeau, Finance Minister Bill Morneau and top representatives from the Caisse de dépôt et placement du Québec and the Canada Pension Plan Investment Board.

But Hugh O'Reilly, chief executive of the Ontario Public Service Employees Union Pension Trust, said many details needed to be ironed out.

“We still have many questions about how this infrastructure bank will work,” he said. “But the federal government acknowledged that — and are looking to pension funds to provide advice.”

The plan, which has \$16 billion in assets, will look at opportunities case by case, he added.

After the meeting, Trudeau said he was “tremendously pleased to see so many business leaders at the table.”

“We know that partnerships with the private sector can be done right, and we look forward to working with these significant global investors to see how we can make sure we're responding to their needs,” he said.

His government has pledged \$81 billion over the next 10 years for infrastructure, including public transit and renewable power projects. The first \$15 billion will become available in the spring 2017 budget.

A spokesman for the Canada Pension Plan Investment Board called the talks “constructive.”

The Canadian Infrastructure Bank should offer “an intelligent bridge between what investors are looking for and what governments can offer. (CPPIB officials) look forward to seeing the pipeline of potential infrastructure investments.”

The prime minister said he hoped the bank would “be up and running in 2017, but we’re also working very, very hard with experts and listening to people to make sure we get it right.”

Earlier Monday, a few blocks from the Trudeau meeting, Marc Garneau, the transportation minister, told another group of investors Ottawa’s recently announced \$10.1-billion funding commitment to upgrade trade transportation corridors does not depend on participation by the private sector.

Garneau said he expects there will be interest from the public–private partnerships to invest in the trade transportation improvements. But even if there isn’t, the federal government will go ahead with the spending.

“The funding is there,” Garneau said in a brief interview after his speech at a conference organized by the Canadian Council for Public-Private Partnerships, which attracted about 1,200 investors, project proponents and governments from around the world.

“If there is not large institutional investors that want to become involved with it, we will still be using the money, as I said in my speech, to reduce bottlenecks and congestion and make our trade transportation corridors as efficient as possible.”

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Morneau announced the \$10.1 billion in trade transportation funding in his fall fiscal update this month. The trade corridor upgrades are part of a massive boost in planned infrastructure spending.

Garneau said improving transportation corridors is so important for Canada’s trade, it won’t need to wait for private funding. About one-fifth of Canadian goods is shipped by rail, and much of that is destined for export.

Transportation volumes are increasing. Over the past 30 years, the amount of goods moved by rail has increased 60 per cent, while the amount shipped by sea is up 40 per cent.

The \$10.1 billion in funding is designed to remove bottlenecks that are slowing traffic on important export corridors.

That doesn’t mean the government is not interested in encouraging private-sector involvement. The new infrastructure bank is intended to foster private investment in projects.

Garneau said Ottawa understands some projects, especially in public transportation, might require tolls to encourage private-sector investment.

"We're open to that concept," he said, in answer to a question from the audience.