



## **Report: Canadian infrastructure bank would support financing, delivery of \$125-billion federal program**

TORONTO (Marketwired: Feb. 17, 2016) – A federal infrastructure bank is a viable option to finance, evaluate and deliver the country’s next wave of infrastructure investment as well as giving Canada’s economy a much-needed boost.

Roads, bridges and water-treatment facilities are among the desperately needed infrastructure that regions across the country require. But with Prime Minister Justin Trudeau and Infrastructure Minister Amarjeet Sohi taking a close look at starting up a Canadian infrastructure bank (CIB) to support the federal government’s \$125-billion program over the next 10 years, it’s important to understand how it would be designed and would function, says University of Toronto associate professor Matti Siemiatycki of the department of geography and planning. He authored the report “Creating an Effective Canadian Infrastructure Bank,” which was released today.

“The purpose of an infrastructure bank is to provide low interest loans and credit enhancement services to provincial and municipal governments investing in priority infrastructure projects,” Siemiatycki says. “The cost of financing is reduced by taking advantage of the federal government’s top credit rating.”

Siemiatycki’s report assesses the merits, likely benefits and design of a CIB. It shows that because of the relatively small difference between the interest rates at which the federal and most provincial and municipal governments borrow money, the lending services of an infrastructure bank would provide significant benefits but **only for the largest infrastructure projects – focusing primarily on lending services to projects with capital values of at least \$10 million.**

“Despite this restriction, if a CIB can shave 100 basis points off the cost of borrowing \$500 million, it would save the borrower \$100 million in interest payments over a 35-year loan term,” Siemiatycki stresses.

Among this report’s recommendations about the role and design of a CIB, Siemiatycki says it must be capitalized with funds that add to – not replace – existing federal capital grants dedicated to infrastructure. However, the projects must have a credible, independent study and be identified as a top priority to qualify for CIB loans. The CIB should also become a centre of excellence through the promotion of evidence-based project selection and procurement best practices.

“We’re at one of the most crucial periods for investing in infrastructure in Canada’s history,” says Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO), which funded the independent research report. “We were interested in this subject because the federal government has some crucial decisions in the near future and is under a lot of pressure to make the correct choices. We think this report will assist Prime Minister Trudeau and Minister Sohi in implementing a well-designed infrastructure bank.”

[Click here to read the report.](#)

## **WHAT IS RCCAO?**

The Residential and Civil Construction Alliance of Ontario is a coalition of management and labour groups representing a wide spectrum of Ontario's construction industry. RCCAO's goal is to work in co-operation with government and key stakeholders to offer realistic solutions for infrastructure investment.

## **Contact Information**

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