How can you ensure that infrastructure projects pitched to you by the private sector for their potential revenue generating potential actually meet the Canadian public’s infrastructure needs? Shouldn’t it work the other way around?

It does, in fact work that way. Each project that we consider, whether it originates from the private or public sector, must pass a public interest test to ensure that the project is well aligned with the relevant governments’ priorities and policies, that it contributes to economic growth and that it contributes to sustainability. While we welcome unsolicited proposals from the private sector, many projects that we consider originate from various levels of government and public-sector agencies.

Does CIB see itself playing Mandated Lead Arranger type roles or does it intend to be a more passive investor?

Our role will vary from project to project, depending on the need. Our capital can be invested anywhere in the capital structure of a project. Fundamentally, we are looking to fill the gap that prevents a project from seeing the light of day or from being structured in a way to best attract private sector capital and risk transfer. That could come in various forms of equity or fixed income instruments, with plenty of structuring to ensure an appropriate allocation of risks and returns among co-investment partners.

Another part of our role is to help convene private capital to bring infrastructure projects to life. In doing this, we will collaborate closely with both public and private sponsors to bring together the required capital structure.

CIB will typically be a minority investor, with commensurate governance rights, and we will closely monitor the evolution of each project that we invest in.

How will the CIB deal with unsolicited offers?

We are in the process of defining and codifying our unsolicited proposals process, but we will include appropriate market testing to ensure that proposals are competitive, while respecting the proprietary work that some sponsors have already developed. In the meantime, we invite private sponsors with good ideas that fit with CIB’s mandate to contact us at investments@cib-bic.ca.
The Canadian Union of Public Employees has filed access to information requests seeking the Blair Franklin Capital partners report analyzing the case for federal support for the Reseau Express Metropolitan light rail project in Montreal. We were provided with 2,000 pages of fully blacked-out information. Why is this essential information about how public funds are being used kept secret?

The access to information request for the Blair Franklin Capital report that you are referring to was not made to Canada Infrastructure Bank. Blair Franklin Capital was engaged by Infrastructure Canada to support the Government of Canada in analysing and developing advice on the proposed REM project. Infrastructure Canada advises us that the 2017 ATIP response was redacted to protect commercially sensitive information about the project.

Will the Canada Infrastructure Bank commit to releasing an unredacted version of the Blair Franklin Capital Partners report, along with any and all other financial analysis that underpinned the decision to provide federal support – first as funding, and now as a repayable loan – to the REM?

In the course of doing due diligence on any potential investment, the Bank may engage expert consultants for advice. This advice and analysis often contains commercially sensitive and confidential information, which cannot be disclosed.

The access to information request for the Blair Franklin Capital report that you are referring to was not made to Canada Infrastructure Bank. Blair Franklin Capital was engaged by Infrastructure Canada to support the Government of Canada in analysing and developing advice on the proposed REM project. Infrastructure Canada advises us that the 2017 ATIP response was redacted to protect commercially sensitive information about the project.

We have publicly disclosed the key terms of Canada Infrastructure Bank’s investment in the project. This was announced on August 22, 2018 and more information can be found on our website here.

How many participants were there in the CIB public meeting webinar (I would like figures for total number of participants who registered, as well as total number of people who participated in the full webinar)?

We had 91 people register and 73 participated. A link to an archive is now available and posted on our website.
Please provide details of the methods the Canada Infrastructure Bank office employed – including paid advertising, public outreach, social media promotion, and all other strategies – to ensure robust public engagement and participation in the bank’s first annual public meeting.

A notice of the Annual Meeting was posted in accordance with Treasury Board guidelines. This includes posting on our website one month in advance of the event. It was prominently displayed on the homepage during this time, as well as located in the News and Events section.

In the newly announced Canada climate plan, as well as the existing Pan-Canadian Framework on Clean Growth and Climate Change, there are extensive references to shoring up infrastructure adaptability in the face of a changing climate. To what extent will there be funding available for municipalities to update asset management plans, develop climate action plans, receive training, and update existing asset systems and practices to account for anticipated increased damage to infrastructure from climate change?

Thank you for the question. The Bank was created in order to invest in specific infrastructure projects rather than to fund the development of long-term strategies. Now, those are very important, and I understand that there are other mechanisms to fund those projects and we will refer the question to Infrastructure Canada.

How will the Bank mobilize potential partners or potentially Canadian investors, as well as foreign investors?

Since the beginning of the Bank, we have met with several investors in Canada as well as abroad. Many Canadian institutional and corporate investors already have worldwide investments in infrastructure, typically in infrastructure that are more developed and also offer more stable cash flows, while we are more focused on new infrastructure.

So together with them, as well as with international investors, we’re looking to guide them on projects to build new infrastructure for Canadians. But I have to say that we received a lot of interest from investors, Canadians and abroad, in meetings that were held over the last few months, in Canada, New York City, London, Japan and China.

Why does the CIB need to exist if it’s just going to give low interest government loans, like with REM? The government could do that directly, without this extra layer of expensive bureaucracy.

The Bank was created to build a complete skill set - a set of capabilities to invest anywhere in the balance sheet of a new infrastructure project. In the case that’s referred to, as I mentioned in my opening remarks, the best role that we could play for that project in that situation was a 15-year senior secured loan. But we have the ability and the flexibility to invest in various forms of fixed income as well as equity in a specific project. And that is the expertise that we’re building, that is not the traditional expertise of government agencies.
Is it intended that CIB be self-financing?

It is intended that we manage the business well, and that we seek appropriate returns for the risks that we will be taking. And over time, if we do that well, I think that there is a path where the Bank could be self-financing. The funding for our investments comes from the Government of Canada, rather than raising capital by issuing CIB bonds.

Is CIB considering investing in any mid-market, smaller-scale projects? Will you consider any in the future?

“Smaller scale” and “mid-market” mean different things in different markets. Given the $35-billion mandate that we have, we have the ability to invest in relatively large new infrastructure projects. And what we will seek to do is attract investors into projects that have reasonable scale for private investors to engage with.

Some of the very small projects are very difficult for private investors to engage with. We will be looking at creative formulas to perhaps aggregate some of the mid-size opportunities into larger investments that we can then engage with private investors to come along with us to co-invest in these projects that may have many parts to them but, in aggregate, would form an attractive investment opportunity.

How will P3s be part of the CIB’s investment strategy?

Canada has a very well-developed P3 industry and P3 market, and our mandate, of course, is to complement the successes that have been accomplished there. Some of the differences relate to the fact that the traditional P3 model in Canada is based on an availability payment formula, whereas ours will be focused on revenue-generating projects and a larger risk transfer from the public sector to private investors and bidders.

If you are meeting privately with proponents from across the country as they pitch their projects to the CIB, what is the role of provincial governments? How will you ensure line of sight, alignment and endorsement? Will there be regular reports, check-ins or updates to the provinces?

I mentioned in my remarks the arrival in early December of François Lecavalier, who’ll be our Head of Project Development. A very core part of François’ role is exactly to engage with federal, provincial, territorial, municipal, and Indigenous governments to understand well their approach, their priorities, and understand within those where there might be projects that are CIB-bankable.

We have already begun the dialogue with a number of governments at various levels. We will continue and accelerate that with François’ arrival, and the addition of team members to his team, so that we can be sure that the investments that we’re making are in the public interest, part of which means alignment with governments’ priorities at all levels.