

Fall Economic Update 2016: Highlights



The Fall Economic Update presented Finance Minister Bill Morneau on November 1, 2016, outlines the full funding framework for the government's long-term infrastructure plan, totalling \$81 billion over 11 years, a significant increase from the \$48 billion over 8 years previously set aside for Phase 2. These steps build on the Phase 1 investments announced in Budget 2016. The Fall Economic Update is focused on the government's plan to make

"new and innovative" investments in the country's future, including significant investments in infrastructure and technology. Specific program details for Phase 2 funding programs will be announced in Budget 2017.

Public Transit

- The government proposes an investment in transit of \$25.3 billion over the next 11 years, some of which will flow through the new Canada Infrastructure Bank, in public transit systems across the country.
- Budget 2016 made an investment of \$3.4 billion over three years for Phase 1, with the remaining \$16.6 billion to be announced in Phase 2. Phase 2 funding for public transit is now increased to \$25.3 billion.
- As part of these additional investments in public transit, funding will be available to improve the quality and condition of existing assets, so that systems can remain in good repair, serving more riders in a timely and reliable fashion.
- The government will continue to work on the implementation of Phase 1 investments in support of public transit infrastructure, and will announce further details on the allocations for the new \$25.3 billion investment in public transit through Budget 2017.

Social Infrastructure

- The government proposes \$21.9 billion for the Social Infrastructure Fund over 11 years.

- In budget 2016, \$16.6 billion was allocated for Phase 2 of the Social Infrastructure Fund. The investments announced as part of the Fall Economic Update represent an increase of \$5.3 billion.
- In the coming months, the government will announce further details on the allocations for the new \$21.9 billion investment in social infrastructure through Budget 2017.
- Working with provincial, territorial, municipal and Indigenous partners, the federal government will work to establish targets to ensure that investments in social infrastructure lead to meaningful results.

Green Infrastructure

- The government is proposing \$21.9 billion over 11 years for green infrastructure investments.
- Budget 2016 invested \$5.1 billion in green infrastructure through Phase 1, with the remaining \$14.9 billion to be announced in Phase 2. Phase 2 funding for green infrastructure is now increased to \$21.9 billion over 11 years.
- This will include targeted investments, including through the new Canada Infrastructure Bank, that support greenhouse gas emission reductions; enable greater climate change adaptation and resilience; and ensure that more communities can provide clean air and safe drinking water for their citizens.

Canada Infrastructure Bank

- The government is proposing the creation of a Canada Infrastructure Bank that will work with provinces, territories and municipalities to further the reach of government funding directed to infrastructure, with a specific focus on “revenue-generating infrastructure projects and plans.”
- The Canada Infrastructure Bank, governments and investors will work together to identify a pipeline of potential projects and identify investment opportunities that provide the biggest economic, social and environmental returns.
- The Canada Infrastructure Bank will be responsible for investing at least \$35 billion on a cash basis from the federal government into large infrastructure projects through direct investments, loans, loan guarantees and equity investment. Part of this amount — \$15 billion — will be sourced from the additional infrastructure funding announced in the Fall Economic Statement.
- An additional \$20 billion in capital will be available to the Canada Infrastructure Bank for investments which will result in the Bank holding assets — in the form of equity or debt.



- The Canada Infrastructure Bank will be accountable to, and partner with, government, but will operate at greater arm's length than a department — working with provincial, territorial, municipal, Indigenous and investment partners.
- The Canada Infrastructure Bank will make investments in revenue-generating infrastructure projects and plans that contribute to the long-term sustainability of infrastructure across the country. It will be mandated to work with project sponsors to:
 - Structure, negotiate and deliver federal support for infrastructure projects with revenue-generating potential;
 - Use innovative financial tools to invest in national and regional infrastructure projects and attract private sector capital to public infrastructure projects;
 - Serve as a single point of contact for unsolicited proposals from the private sector; and
 - Improve evidence-based decision making and advise governments on the design and negotiation of revenue-generating infrastructure projects.

Rural and Northern Infrastructure

- The government proposes to invest an additional \$2.0 billion over 11 years in rural and northern communities.
- Broad eligibility criteria will be established that respect the wide-ranging nature of infrastructure needs, from expanding road access and Internet connectivity, to upgrading existing heating systems, to pursuing renewable sources of energy and reducing reliance on diesel.
- The government will work with provinces, territories, municipalities and Indigenous communities to establish indicators that track the outcomes of these investments, recognizing the unique needs of rural and northern communities.
- The government also signalled that of the \$10.1 billion in new investment over the next 11 years for trade and transportation projects, there will be money to support critical transportation needs in Canada's north. This investment will help connect northern communities to trade and investment opportunities.

Trade and Transportation

- Over the next 11 years, the government will invest \$10.1 billion in trade and transportation projects.
- Priority investments would include those that address congestion and bottlenecks along vital corridors and around transportation hubs and ports providing access to world markets.



- The government will also support critical transportation needs in Canada's north, to help connect northern communities to trade and investment opportunities.
- Marine safety will be a key area of focus, to allow our goods and natural resources to get to market efficiently.
- Budget 2017 will announce further details on the approach the government will take for the allocation of this new investment to facilitate and expand the access of Canadian goods to global markets.
- The government will work with provinces, territories, municipalities, Indigenous communities and private sector partners to establish indicators that track the effectiveness of investments, and will report to Canadians on progress achieved in improving Canada's trade position.

Smart Cities

- The Government proposes to launch a Smart Cities Challenge in 2017. Modelled on a similar competition in the U.S., cities across Canada would be invited to develop Smart Cities Plans together with local government, citizens, businesses and civil society.
- Further details will be announced in 2017.

