Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

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Executive Summary

Infrastructure partnerships involving private finance are a proven model that can help the Government of Canada achieve its ambitious economic, defence, social and trade objectives. As the country works to find solid footing in a rapidly changing world, the mission to strengthen and accelerate infrastructure delivery in support of these goals is of paramount concern to all Canadians.

These partnerships offer an effective mechanism to mobilize private capital, expertise and innovation to drive on time, on budget delivery and long-term operations and/or maintenance of a vast array of assets Canada needs to advance its sovereignty, propel growth and embrace innovation more fully.

Recent federal investments, including those in response to the U.S. tariffs, have generated increased momentum and urgency for Canada's Build Agenda and enhanced opportunities for private sector involvement in the Canadian infrastructure delivery. The question then turns to *how* the government will leverage these opportunities.

The actions needed to deliver our infrastructure priorities and diversify our economy are one-in-the-same; a whole-of-government, deliberate approach to collaboration between government and industry, improving coordination in how we regulate, plan, finance and procure public infrastructure.

Over the past 12 months, the Council has engaged extensively with federal officials on behalf of our members who design, build, operate, maintain, and finance Canada's infrastructure. These discussions highlighted a shared commitment to address Canada's infrastructure needs, ensuring economic infrastructure supports trade and export growth while social infrastructure delivers lasting benefits for communities.

As the government prepares Budget 2026, the Council and its members stand ready to work with the federal government to strengthen infrastructure delivery mechanisms and collaboration, which will translate into a robust project pipeline that will provide market stability and boost investor confidence, strengthening our country's economic security, and deliver long-term value for Canadians.

List of Recommendations

1. Increase Competition, Transparency and Certainty through a National Coordinated Infrastructure Strategy and Project Pipeline
2. Drive Efficiency and Leverage Best Practices through a Centralized Infrastructure Delivery Hub
3. Develop a Federal Framework for the Strategic Use of Private Capital
4. Engage Market Participants Early to Accelerate Priority Infrastructure Delivery

5. Amend section 18.2 of the *Income Tax Act* to revise the *Excessive Interest and Financing Expenses Limitation* (EIFEL) rules.

CCPPP Budget 2026 Recommendations

1. Project Pipeline and a National Infrastructure Strategy

Canada's infrastructure ambition requires a coherent national strategy that: 1) Provides clarity on how standalone projects work together 2) Ensures the bankability of infrastructure projects, and 3) Publishes them within a transparent pipeline that provides the visibility required to attract private capital.

When projects are clearly positioned within a national framework, one that clearly articulates the value of a project as part of a broader system and network of projects, they become far more compelling. They signal purpose. They demonstrate foresight. They build confidence. This confidence is particularly critical when it comes to attracting private capital.

Ensuring the bankability of projects is equally critical. If a project is not bankable, private financing will likely not materialize. Bankability expands the pool of private sector proponents, increases competition and prevents further reliance on grant funding to accomplish the government's ambitious economic and trade agenda. Without clarity on project fundamentals — what demand a project serves, which markets it connects to and what enabling infrastructure supports it — even strategically important nation-building initiatives risk being difficult to finance and deliver.

In addition, Budget 2026 should commit to actions leading to the publication and ongoing maintenance of a national pipeline of projects. A predictable and transparent infrastructure pipeline is essential to attracting investment, maintaining competition and ensuring value for money for Canadian taxpayers. This transparency will also enable better workforce and supply chain planning.

To provide maximum benefit, the pipeline should include federally led and federally supported projects, with clear timelines and procurement intentions. The federal government should also work with provinces, territories, municipalities and Indigenous partners to improve visibility into subnational project pipelines.

In addition, the government should provide greater certainty on funding programs and approvals. This would reduce delays between project identification and procurement.

2. Drive Efficiency and Leverage Best Practices Through a Centralized Infrastructure Delivery Hub

Since 2018, the federal government has lacked a single point of contact and centre of expertise for major projects and federal infrastructure partnerships. Budget 2026 should contain initiatives to correct this.

Without a centralized hub at the federal level, there are challenges for the private sector to prepare and respond to projects as they enter the market — particularly in a time of great competition across all governments and in a challenging economy with supply chain issues, labour shortages and more.

This federal fragmentation is also an obstacle to ensuring knowledge transfer between project delivery groups as projects move through the various phases.

A centralized hub would consolidate expertise across federal departments such as Housing, Infrastructure and Communities Canada and Public Services and Procurement Canada and ensure the market has confidence in its government partner, with greater stability in procurement processes, streamlined documentation and governance approaches.

The hub would support programmatic approaches to infrastructure delivery, enabling the bundling and scaling of projects, and facilitating data collection and performance benchmarking across projects. It would also develop and disseminate standardized tools, templates and best practices.

3. Develop a Federal Framework for the Strategic Use of Private Capital

Private capital is essential to meeting Canada's infrastructure needs, particularly in a constrained fiscal environment for governments at all levels across the country. However, private capital's role must be clearly defined and consistently applied.

Budget 2026 should support actions to develop a federal framework for attracting and strategically using private capital in Canadian infrastructure. This would provide clarity and predictability for market participants and strengthen our country's ability to attract long-term institutional investment into priority infrastructure.

This approach needs to also be mindful that private capital comes in many forms and from a variety of sources.

Canada has long relied on private sector expertise and investment to help deliver its much-needed infrastructure projects. These partnership projects have been largely financed by Canadian workers, small and medium pension plans, insurance companies and contractors. This same community of investors is prepared to commit significant capital when they see a predictable environment underpinned by long-term policy direction.

In addition, greater clarity is needed to understand the government's newly announced funding mechanisms and coordination tools impacting the infrastructure sector, including the Canada Strong Fund.

Each of these programs reflects legitimate policy objectives but it is unclear what they will do, how they will or will not work together, and how they fit in with existing organizations and programs. This risks creating further uncertainty in an already complex financing landscape, as well as delays to projects getting built.

The proposed federal framework for attracting and strategically using private capital in Canadian infrastructure should:

- Define the role of private finance across economic sectors, including housing, trade corridors, energy and defence infrastructure,
- Establish clear criteria for when P3s or alternative financing models should be considered, including aligning federal funding programs to support life cycle-based delivery models such as Design-Build-Finance-Maintain,
- Provide guidance on risk transfer, procurement models and performance outcomes, and
- Encourage institutional investment while understanding the role of small-to-medium sized Canadian financing firms, which can often assume more risk and take on more greenfield projects compared to top global funds or the Maple 8.

This framework would provide clarity and predictability to market participants and enable governments to better leverage private expertise and capital. It would also ensure consistent, evidence-based decision-making and support long-term fiscal sustainability by optimizing life cycle costs.

4. Engage Market Participants Early to Accelerate Priority Infrastructure Delivery

Canada's most urgent infrastructure priorities — housing, trade-enabling infrastructure, defence and climate-resilient assets —require new approaches to delivery at scale. Early and structured engagement with market participants is critical. This engagement will help identify innovative solutions, improve project design and accelerate timelines.

Budget 2026 should support actions to establish formal mechanisms for early market engagement. This includes industry consultations and market sounding exercises. It should also identify and advance priority project streams where infrastructure partnerships and alternative delivery models can be scaled.

Supporting bundling and programmatic delivery models would increase efficiency and support participation. Encouraging community-building infrastructure partnerships that integrate housing, infrastructure and services into cohesive developments is also important. For example, bundling public lands and assets into scalable development programs could accelerate housing delivery and ensure long-term asset performance and maintenance.

Enhanced engagement will improve project design and bankability. It will reduce procurement risk and delays, unlock innovative financing and delivery approaches, and accelerate the delivery of critical infrastructure.

5. **Amend section 18.2 of the *Income Tax Act* to revise the *Excessive Interest and Financing Expenses Limitation* (EIFEL) rules**

The Council continues to advocate for an amendment to section 18.2 of the *Income Tax Act* to revise the Excessive Interest and Financing Expenses Limitation (EIFEL) rules to protect existing Canadian public-private partnership (P3) projects, Canadian workers' pension funds and investors from negative retroactive impacts.

The amendments to the *Income Tax Act* enacted through Bill C-59 (Fall Economic Statement Implementation Act, 2023), which encompassed the Excessive Interest and Financing Expenses Limitation (EIFEL), raised significant concerns for Canadian industry, including negative impacts to Canadian pension funds and, therefore, their respective beneficiaries and investors in these infrastructure projects.

The Council has previously submitted to the House of Commons' Standing Committee on Finance and the finance minister, detailing specific, simple language changes that will protect the investments of Canadian pensioners and workers and continue to demonstrate that Canada is a competitive place in which to do business and invest.

The consequences of this legislation coming into effect without these revisions were immediate, compromising the financial security of everyday Canadian workers' investments and pensions. Unless fixed, these rules will continue to penalize Canadian pension funds and P3s that have delivered public infrastructure for decades. That risks chilling future investment and undermining Canada's credibility as an infrastructure market.

Conclusion

On behalf of the Council and its Board of Directors, thank you in advance for consideration of these recommendations. The Council looks forward to continuing to work with Finance Canada, Housing, Infrastructure and Communities Canada and Public Services and Procurement Canada.

We are committed to sharing infrastructure procurement best practices and working collaboratively to modernize approaches, delivering critical infrastructure that fosters competition, maximizes private capital and ensures proper risk transfer to protect taxpayers.

If you have any questions or would like to explore these recommendations further, Council staff and membership are available at your convenience.

Sincerely,

Lisa Mitchell
President and CEO

About the Canadian Council for Public-Private Partnerships
Established in 1993, CCPPP is a national not-for-profit non-partisan, member-based organization with broad representation from across the public and private sectors. Our mission is to collaborate with all levels of government and Indigenous communities to enable smart, innovative approaches to public infrastructure development and service delivery that achieve the best outcomes for Canadians. The Council is a proponent of evidence-based public policy in support of infrastructure partnerships involving private finance, facilitates the adoption of international best practices and educates stakeholders and the community on the economic and social benefits of partnerships in infrastructure.