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Dame Meg Hillier  
Chair, Treasury Committee  
House of Commons  
London  
SW1A 0AA

Dear Dame Meg,

On 14 May, the ICE was pleased to have Policy Fellow Richard Threlfall appear before the Treasury Committee to present evidence to the committee's inquiry into the future of the National Wealth Fund.

As part of that discussion, the committee requested further information on an example about the Canadian Infrastructure Bank, which Richard mentioned. Additionally, the ICE would like to provide further details on the role of government in supporting the National Wealth Fund's success.

Thank you for the opportunity to appear before the committee and contribute to this inquiry.

## The Canada Infrastructure Bank

Richard mentioned Canada Infrastructure Bank's allowance for the bank to make a net fiscal loss. The committee asked for further information on this.

The bank was established in 2017 with a mandate to invest and attract investment from the private sector and institutional investors in infrastructure projects, in or partly in Canada, which generate revenue and that will be in the public interest.

At the establishment of the bank, parliament authorised funding of CA\$35 billion over 11 years. The government also expressed its expectation that the bank manage its portfolio so that the net fiscal expense remained under CA\$15 billion.<sup>1</sup> This allowance was an attempt to address the fact that the bank should invest in riskier projects which the private sector might not ordinarily invest in, and is measured over the 11 year period.

Alongside this allowance, the bank is particularly focused on non-financial return on investment.

2026-2027 targets include: a cumulative 13Mt annual CO2e reduction, 210,000 daily trips on mass transit,

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<sup>1</sup> Canada Infrastructure Bank (2024) [Q2 - Fiscal Year 2023-24 Financial Report](#)

passenger rail and other modes, 900,000 underserved households passed by 50/10 MBPS broadband, 60 Indigenous communities with infrastructure gaps addressed, and a contribution to economic growth, as measured by 14 million total ton equivalents of trade volume, and CA\$90 million total agricultural value added.<sup>2</sup>

In reality, the CIB has, however, been criticised for deploying its capital too slowly. In 2024, 7 years post establishment, the bank had deployed CA\$13.4 billion.<sup>3</sup> A 2021 Office of the Parliamentary Budget Officer Review also estimated that the bank was on track to disburse CA\$16 billion in infrastructure investments by 2027-28, an estimated CA\$19 billion shortfall compared to its CA\$35 billion target.<sup>4</sup>

## The role of government in supporting the success of the National Wealth Fund

In addition to the discussion at the inquiry, the ICE would like to reiterate the importance of the role of government in unlocking the potential of the National Wealth Fund.

As covered during the session, policy certainty will be an important factor in the fund's success. Alongside this aspect within the wider enabling environment for the fund, the ICE believes that the government will need to publicly support the fund's ability to make loss making investments within its broader portfolio, and adjust government accounting settings to support its success.

Public investment in potentially loss-making projects will carry political risk. These investments will need to be publicly represented, accurately, as higher risk investments in projects that would not otherwise be funded by the private sector and deliver a public good.

The public supports private investment in infrastructure. Polling commissioned by the Global Infrastructure Investors Association demonstrates strong support (65%) for more private sector investment if it means the public gets the infrastructure improvements it needs. However, slightly less than half (47%) agreed with increasing spending to improve infrastructure in the UK, even if that means higher taxes or costs for consumers.<sup>5</sup> Relatedly, polling recently undertaken for the ICE shows that over two-thirds (68%) of people agreed that they want to hear more about the benefits of major infrastructure projects rather than focusing on the costs.<sup>6</sup>

Government and the NWF would do well to lean into this public support and clearly communicate the benefits of crowding in private investment to sectors and projects that would otherwise miss out and can drive forward important progress for the UK.

HM Treasury will also need to be ready to accept making less than market return on some projects to support strategic investment across the fund's portfolio.

Government accounting frameworks currently constrain investment, including via the treatment of departmental 'subsidies' for loss making loans and guarantees under the Financial Transaction Control Framework. It is often easier to deploy capital on a grant basis with no chance of recouping a return than to invest capital with a below-market rate of return expected.

The government will need to actively support the fund's ability to fulfil its mandate and invest in higher risk projects within its wider portfolio.

Yours sincerely,

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<sup>2</sup> CIB (2024) [2023-24 Annual Report](#)

<sup>3</sup> CIB (2024) [Q3 Market Update](#)

<sup>4</sup> Office of the Parliamentary Budget Officer (2021) [Canada Infrastructure Bank Spending Outlook](#)

<sup>5</sup> Ipsos / Global Infrastructure Investor Association (2024) [Global Infrastructure Index 2024](#)

<sup>6</sup> ICE (2025) [Paying for Britain's Infrastructure System](#)

A handwritten signature in black ink, appearing to read 'D Hawkes', with a long horizontal flourish extending to the right.

David Hawkes

Head of Policy

**Institution of Civil Engineers**