Why Rethink Infrastructure Financing?

March 3, 2026

Authors

David Tournier

Partner, Lawyer

Jessy Menard

Lawyer

Financing infrastructure, whether it involves maintaining the infrastructure we've inherited, building the infrastructure we need today, or anticipating the infrastructure that will be required in the future, is one of the greatest challenges facing modern societies. Civil, industrial and energy infrastructure are essential assets for the common good, and their maintenance and modernization require colossal investments. However, public finances are limited, which restricts the ability of governments to act alone. In this context, it is crucial to use all available financing methods by incorporating private capital and designing innovative financial tools.

In this spirit, we will be publishing a series of six articles devoted to infrastructure financing in Quebec and Canada. In them, we will discuss the issues related to these strategic investments and highlight realistic solutions to address them. This first article begins by providing an **overview of the situation in Quebec and Canada**, and then looks at the current challenges and the solutions that will shape the infrastructure of tomorrow.

The Current Situation in Quebec and Canada

In Quebec, public investment in infrastructure is governed by the 2025-2035 Québec Infrastructure Plan (the "**QIP**"), which provides for the injection of $164 billion over 10 years[1]. The QIP is a government planning document identifying and prioritizing major infrastructure projects in all public sectors. The most recent version of the QIP pays particular attention to the longevity of the existing infrastructure. Keeping current public assets in good condition despite the chronic maintenance backlog will absorb nearly 65% of the planned funding. The investments are primarily directed towards road transport ($36 billion), healthcare ($28 billion), education ($23 billion), and public transit ($9 billion).

In terms of energy infrastructure, Quebec has embarked on a major transformation. According to Hydro-Québec's Action Plan 2035, the province has set itself the objective of doubling its electricity generation capacity by 2050, with an intermediate target of adding 60 terawatt-hours (TWh) in 2035.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

This plan involves investments of over $100 billion for the construction of new dams, wind farms, and electric transmission networks in order to meet the growing demand related to electric vehicles and the energy transition[2].

Energy issues are a top priority across Canada. We are witnessing a resurgence of nuclear power, with several provinces (Ontario, New Brunswick, Alberta and Saskatchewan) choosing to develop small modular reactors (SMRs) to decarbonize their energy generation and ensure energy security[3]. At the same time, there is strong pressure to build new pipelines for hydrocarbon exports, particularly to Asia and Europe, for the energy transition and supply security[4].

At the federal level, the 2025 budget gives concrete form to Prime Minister Mark Carney's investment ambitions[5] to address critical issues such as housing, public transit, climate resilience, and accessibility. One of the flagship programs at the federal level is the creation of Build Canada Homes[6], a new agency established in September 2025 with a budget of $13 billion. This program aims to "supercharge" the construction of affordable housing, to leverage public land, and to make use of modern techniques such as modular and mass timber construction. Meanwhile, on September 11, the Prime Minister announced an initial nationwide series of energy, port, and mining projects. He also expressed the desire to add other projects in the coming years. This list includes the expansion of the Port of Montreal in Contrecœur.

Current Challenges

The asset maintenance deficit, that is, the estimated amount of infrastructure in poor or very poor condition, is estimated by the Quebec government to be over $40 billion in 2025. That's the amount that would need to be invested today simply to bring systems back to an acceptable state.

In addition to rehabilitating aging infrastructure, it's also important to make existing infrastructure more resilient; for example, in 2024, the flooding further to Hurricane Debby caused $2.5 billion in damage in southern Quebec[7]. And infrastructure must be low-carbon, in order to allow Quebec to achieve its climate objectives in terms of greenhouse gas emission reduction. Furthermore, modernization must incorporate climate change adaptation, cybersecurity, and smart grids.

We need to accelerate the construction of new infrastructure to ensure Canada's prosperity. In 2023, the Canada Mortgage and Housing Corporation noted that 3.5 million new homes will be needed by 2030 to restore affordability in the country[8]. Added to this are the needs for energy, transportation and healthcare infrastructure, which are intensifying due to population growth, the energy transition, the desired reindustrialization and, in the future, the increasing use of energy-intensive artificial intelligence.

However, in addressing these challenges, governments are facing a critical lack of liquidity. The 2025 federal budget in Ottawa includes a **$78-billion** deficit[9], while the Government of Quebec's budget includes a record **$13.6-billion** deficit[10]. These structural deficits considerably limit their budgetary leeway and force them to choose between the different issues our societies face. At the municipal level, municipalities are legally required to table a balanced budget. Given the rising expenses and the electoral need to not increase taxes significantly, potential investments are limited.

Potential Solutions: Private Capital and Financial Innovation

Faced with increasing pressure on public finances, particularly at the municipal level, governments can no longer bear the cost of modernizing and developing infrastructure alone. In this context, looking to private capital and financial innovation can bridge the gap between public financial needs and capacities.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

Some of the top solutions are public-private partnerships, smart pricing (tolls, usage fees, dynamic pricing), and mobilizing institutional savings, particularly through pension funds, insurance companies and investment funds.

Pension funds and insurance companies are particularly attracted to infrastructure projects. Their long-term investment horizon is well aligned with the lifespan of the projects and the stable revenue streams they generate. For example, the Fonds de solidarité FTQ has a fund dedicated to real estate[11].

Banks are key partners in infrastructure projects. They offer hybrid financing, combining low-interest loans and government backing to secure investments in critical projects such as highways, bridges and railways.

It is also worth noting that investment funds are increasingly turning to infrastructure financing, as evidenced by the example of BlackRock[12]. BlackRock recently strengthened its position in this sector by acquiring Global Infrastructure Partners for $12.5 billion, creating a leading investment platform in private infrastructure markets. This acquisition, combined with strategic partnerships with players like Microsoft, aims to meet the growing demand for essential digital and energy infrastructure to support technological advances and the digital economy. Furthermore, the purchase of key Panama Canal ports for $23 billion demonstrates BlackRock's commitment to critical infrastructure assets globally. These investments, motivated by the desire to diversify portfolios and protect against inflation, allow for the integration of professionals in the execution of projects.

While these approaches make it possible to diversify funding sources, accelerate project completion and distribute risks between the public and private sectors, they also raise issues of governance, transparency and social acceptability, which require special attention to protect the long-term public interest.

Infrastructure financing in Quebec and Canada must evolve to address the maintenance deficit, the requirements of the energy transition, and increasing budgetary constraints. Private capital, whether from pension funds, banks or specialized funds, offers indispensable support for collective efforts.

Beyond the diversification of funding sources, the emergence of contractual and financial innovations, such as performance contracts, green bonds and risk-sharing models, opens up new ways to attract private investors while protecting the public interest. Our next article will discuss these new tools and mechanisms in detail, as well as the conditions for their success in Quebec and Canada.

---

1. Government of Québec (March 25, 2025). *Plan québécois des infrastructures 2025-2035 : le gouvernement du Québec se donne les moyens de réaliser ses engagements et de soutenir l'économie québécoise*. https://www.quebec.ca/nouvelles/actualites/details/plan-quebecois-des-infrastructures-2025-2035-le-gouvernement-du-quebec-se-donne-les-moyens-de-realiser-ses-engagements-et-de-soutenir-leconomie-quebecoise-61815
2. Hydro-Québec (2 novembre 2023). *Vers un Québec décarboné et prospère. Plan d'action 2035 d'Hydro-Québec. https://www.hydroquebec.com/data/a-propos/pdf/plan-action-2035.pdf*
3. Canada Energy Regulator (August 20, 2025). *Market Snapshot: Canada's role in small modular reactor (SMR) technology.* https://neb-one.gc.ca/en/data-analysis/energy-markets/market-snapshots/2025/market-snapshot-canadas-role-in-small-modular-reactor-smr-technology.html
4. Underground Infrastructure (September 2025). *Canada eyes new pipelines to boost energy security, cut U.S. reliance*. https://undergroundinfrastructure.com/magazine/2025/september-2025-vol-80-no-9/features/canada-eyes-new-pipelines-to-boost-energy-security-cut-us-reliance
5. Prime Minister of Canada (November 2025). Prime Minister Carney shares Budget 2025 plan to build communities strong. https://www.pm.gc.ca/en/news/news-releases/2025/11/05/prime-minister-mark-carney-shares-budget-2025-plan-build-communities
6. Government of Canada (September 14, 2025). *Prime Minister Carney launches Build Canada Homes to supercharge homebuilding across the country*. https://www.pm.gc.ca/en/news/news-releases/2025/09/14/prime-minister-carney-launches-build-canada-homes

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

7. Insurance Bureau of Canada (September 13, 2024). *The costliest severe weather event in Quebec's history – August flooding caused nearly $2.5 billion in insured damage.* https://www.ibc.ca/news-insights/news/the-costliest-severe-weather-event-in-quebec-s-history-august-flooding-caused-nearly-2-5-billion-in-insured-damage
8. Canada Mortgage and Housing Corporation (June 23, 2023). *Housing Shortages in Canada – Update on how much housing we need by 2030*. https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/research-reports/2023/housing-shortages-canada-updating-how-much-we-need-by-2030-en.pdf
9. CBC (November 4, 2025). *Budget fédéral : dépenses de taille, compressions humbles et un déficit qui se creuse*. https://ici.radio-canada.ca/rci/fr/nouvelle/2205360/budget-federal-depenses-compressions-investissements-deficit-2025
10. Royal Bank of Canada (March 25, 2025). *Quebec Budget 2025: Record deficit and a long and conditional path to balance*. https://www.rbc.com/en/economics/canadian-analysis/provincial-and-fiscal-outlooks/provincial-budgets-and-economic-statements/quebec-budget-2025-record-deficit-and-a-long-and-conditional-path-to-balance/
11. Fonds immobilier de solidarité FTQ (2025). *Who we are*. https://www.fondsftq.com/en/business/fonds-immobilier/who-we-are
12. Business Economy (March 6, 2025). *Why BlackRock is Investing Heavily in Infrastructure*. https://www.businesseconomy.com/latest-news/why-blackrock-is-investing-heavily-in-infrastructure/

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.