

**Report by the Honourable Scott Smith
Minister of Manitoba Transportation & Government Services
To The Western Canada Roadbuilders & Heavy Construction Convention
February 2003**

As Minister of Transportation & Government Services, I am pleased to submit a report on Manitoba's recent and planned construction activities and transportation initiatives.

Construction Activities

In 2002/03, the Government of Manitoba increased the Highway Capital Program by approximately 16% to \$120 million annually. At the same time, Manitoba committed to maintaining this level for a minimum of five years.

Maintaining the integrity of Manitoba's road infrastructure remained the number one priority for the Department in the 2001/02 fiscal year. While this priority largely determined the projects that were addressed, work continued on two recently announced Government of Canada programs. The Prairie Grain Roads Program (PGRP) entered its second year of a five-year program in which the federal government will contribute \$3.25 million annually toward upgrading provincial highways (associated with increased truck traffic as a result of changes in the grain industry). As well, work commenced on the four-year Strategic Highway Investment Program (SHIP) in which the Canada will contribute \$5.05 million annually towards upgrading the National Highway System in Manitoba.

Major highlights for 2002 are reviewed and those planned for 2003 are previewed.

Under the Prairie Grain Roads Program funding, a 42-km stretch of PTH 68 from PTH 8 to PTH 17 was upgraded last summer to carry RTAC loading. As well, work commenced on upgrading a 19-km portion of PR 248 from PTH 2 to PTH 1. The paving will be completed in 2003 with the reconstruction of six bridges to follow in 2004. Another project on a 32-km portion of PTH 3 from PTH 5 to PTH 18 also commenced. Work will continue on this upgrading over the next three years to complete the commitments of the \$32.8 million, five-year federal cost-sharing plan.

Under the Strategic Highway Investment Program, work commenced on two major projects. Twinning of the Trans-Canada Highway continued as PTH 1 was approved for construction from Virden to PTH 83. The base work started on this 10-km portion in 2002 and the paving will be undertaken in 2003. Also, initial work was started on a 28-km portion of PTH 16 between Minnedosa and Neepawa. Work will continue over the next two years that will result in the installation of passing lanes and a new road surface fully capable of carrying heavy truck traffic.

Twinning of a 7-km portion of PTH 59 south of Winnipeg also continued in 2002. This portion of PTH 59 from the Red River Floodway to Mondor Road will be completed in 2003.

Paving was completed on an 11-km portion of PTH 10 from PR 453 to 4 km south of Richmond Avenue in Brandon.

Paving was completed on 25-km of PTH 6 north of Grand Rapids. Continued reliable Northern access was addressed through a grade widening project on PTH 6, and the grading on PR 373 from PR 374 to Jenpeg.

A \$25 million dollar project to build an all-weather road to South Indian Lake was cost-shared with Manitoba Hydro, begun in 2001, and completed in 2002. As a result, approximately 46-km of existing highway was rebuilt and 27-km of new highway was constructed to provide an all-weather link to this community.

Major bridge projects included the strengthening of the Perimeter Highway bridge over the Rosser Overpass near Winnipeg. The Department also rebuilt a number of smaller structures.

Besides the continuation of work described above, there will be a major investment in bridge construction in the 2003 Construction Program. Two major Perimeter Highway bridges near Winnipeg will be strengthened, as well as strengthening of bridges over the Fairford River and Saskatchewan River on PTH 6. Construction work will also commence on the Netnak Bridge near Cross Lake to provide that community with an all-weather link. As well, a number of other paving projects are planned to help preserve the existing highway network.

In an effort to address planning needs and provide increased efficiencies for contractors, Manitoba committed to advertising its construction projects earlier than ever before. Most of the planned 2003 construction activity has already been contracted, with the target set at releasing 80% of the following year's construction work by the fall of each year. As well, the Department has taken initial steps towards the creation of a five-year Highway Program. Work will continue on this initiative in 2003.

Remote Access Policy

Manitoba Transportation & Government Services is framing a remote access policy to address the lack of reliable access to the transportation network faced by remote communities. Although the policy has not been finalized, the following two strategic elements have been defined and are being advanced as immediate initiatives:

- all-weather highway development for the East Side of Lake Winnipeg; and
- transportation improvements for remote communities in the Northeast and Northwest parts of the province.

The predominance of First Nation residents in remote locations clearly makes the Government of Canada a principle stakeholder in this initiative, and their involvement in improving access is critical. A federal/provincial partnership for all-weather road development on the East Side of Lake Winnipeg has been proposed to Indian and Northern Affairs Canada. This proposal calls for the establishment of a framework agreement under which cost-shared development of an all-weather road network for the East Side of Lake Winnipeg can proceed. In the interim, the Department has awarded a \$600,000 consultant study for the functional design and environmental assessment for an 85-km all-weather road from Manigotagan north to Bloodvein, and is funding the full cost of this study as a measure for ensuring no undue delay in road development.

New strategies to address the transportation needs of remote communities in the Northeast and Northwest regions of Manitoba have been determined through study work and community consultations. Options are being considered for improving access over the short term. Short-term initiatives could include upgrading winter roads, enhancing rail and ferry service, new roads, bridges at key river crossings on winter road routes, and realigning some winter road sections to accommodate future all-weather road construction.

Infrastructure Decline

Manitoba's highway system is showing its age. The average pavement age is 22 years and is increasing every year. Over one-half of paved surfaces have exceeded their design life and over one-third are below standard. Only one-quarter of our gravel roads meet current standards. Additionally, one-quarter of bridges are at or beyond their normal service life of 50 years and need immediate replacement.

Minimum capital funding needed to keep the provincial highway system at its current level of deficiency without further deterioration is estimated at \$240 million annually. Capital funding required to rehabilitate the system back into good condition and provide modest system enhancements is estimated at more than \$300 million annually over ten years.

Inadequate Federal Funding

The recent Canadian Transportation Act (CTA) Review Panel addressed the issue of highway funding needs. Manitoba made a comprehensive submission before the Review Panel. The position advanced by Manitoba was that the federal government now collects revenues from road users in annual amounts that are significantly in excess of federal infrastructure funding and that the federal government must begin to dedicate far more of these revenues to highways.

The final report of the Review Panel (released in July 2001) made recommendations regarding infrastructure funding that are generally consistent with the position advanced by Manitoba. The Review Panel regarded road fuel excise taxes as user charges that should be returned to the transportation system. Federal acceptance of this position is regarded as a necessary first step in resolving the road infrastructure deficit.

The federal government takes a significant amount of revenue from Manitoba motorists while returning very little to provincial highway infrastructure. Over the last ten years, the federal government has returned less than three per cent of the road use related gas tax revenue to the provincial highway system. Aside from very modest contributions for grain roads and strategic highways over the short-term, the federal government has no plans to make a long-term commitment to provide adequate contributions for highway infrastructure. It is Manitoba's position that the Government of Canada should dedicate these excise revenues to highway infrastructure funding or vacate this tax field.

Recently in response to provincial negotiation, the federal government began to contribute to highway infrastructure funding in a modest and limited fashion. Two cost sharing agreements have been established between Manitoba and the federal government: the Prairie Grain Roads Initiative and the Strategic Highway Infrastructure Program. Under the two agreements, the federal government will provide \$36.6 million over five years to the provincial highway system. This limited federal contribution, averaging \$7.3 million per year, is welcomed but

falls well short of what is reasonably viewed as an appropriate level of federal funding. Federal excise taxes collected on Manitoba road fuels are \$150 million annually, 20 times more than annual federal contributions under the fixed term cost sharing agreements.

Prairie Grain Roads Initiative

Under the Prairie Grain Roads Initiative, the federal government is contributing \$175 million over five years to address the increased traffic demands on grain roads. Manitoba's share was set at \$32.8 million for grain roads. A 50/50 split between Manitoba and the municipalities results in a federal contribution to the provincial road system for grain roads averaging \$3.28 million per year.

Commencing in 2001/02 the federal government is providing a five-year contribution of \$16.4 million for grain road rehabilitation/enhancement within the provincial highway system. The federal contribution is matched by Manitoba providing a total of \$32.8 million for highway system grain roads over the five year period 2001/02 – 2005/06. The federal contribution falls seriously short of what is needed to offset road deterioration from increased heavy truck traffic resulting from federal policies related to rail line abandonment.

Under this program, funding will be provided to resurface PTH 68 from PTH 17 to PTH 7; PTH 3 from PTH 5 to Killarney; PR 248 from PTH 2 to PTH 1; and for the development of a Grain Transportation System Planning model.

Strategic Highway Infrastructure Program

Nationally, the federal government will contribute up to \$600 million total over four years (\$150 million a year) starting in fiscal year 2002/03 to the Strategic Highway Infrastructure Program. Manitoba's share of the federal funding available for the highways component of the proposed program is expected to be \$20.2 million, which would be matched by the Province for a total program of \$40.4 million over four years.

Under the Strategic Highway Improvement Program, the federal government is continuing to provide funding support for roads assessed as having strategic importance. In Manitoba, the federal contribution towards highway infrastructure projects amounts to about \$5 million per year, for a total of \$20.2 million. However, the Province maintains that the four-year total of \$600 million is totally inadequate to solve the \$17.4 billion infrastructure deficit on the National Highway System.

To date, the federal government and the Government of Manitoba have agreed to the following projects:

- Highway 1 (the Trans-Canada Highway) near Virden will receive \$7 million for twinning, and Highway 16 (the Yellowhead Highway), between Minnedosa and Neepawa, will receive \$18 million for rehabilitation and safety work.
- In addition, \$150,000 has been approved through the ITS component of the SHIP II program for development of an ITS Strategic Plan for Manitoba.

The Government of Manitoba has presented a number of proposed projects for the program to the federal government and negotiations are underway to determine which projects are to be undertaken with the remaining \$15 million.

Made-in-Manitoba Solutions

In contrast to the federal government, Manitoba returns to road programs an amount approximately equal to the provincial tax revenues collected from road fuels. Even though road program expenditures of the Manitoba government approximate fuel tax revenues, expenditures fall short of what is needed for our highway system. Managing the increasing demands on the province's road network in the face of limited funding continues to challenge Manitoba.

To meet this challenge, Manitoba Transportation has initiated the "2020 - Manitoba Transport Vision" planning process. This process will help determine a provincial transportation investment plan, in consultation with stakeholders and the public. Public workshops and meetings have been held at 20 locations across Manitoba. An additional two public meetings are planned for late February.

A ten person Steering Committee drawn from government, business, labour and the agricultural sector directs the process. The Steering Committee receives the advice of the Manitoba Transportation Advisory Council, which is made up of key transportation stakeholders.

Following the province-wide public consultations, the Steering Committee will be developing Manitoba's 2020 Vision and a set of strategic directions for Cabinet consideration. These strategic directions will guide the development of a long-term plan. The public will be given the opportunity to participate in and comment on this long-term plan.