



WCR&HCA 2007 Transportation and Infrastructure Momentum & Priorities Report – February 2007

INTRODUCTION:

The Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA) represents the heavy construction and related industries in western Canada. It has four member Associations:

- the B.C. Roadbuilders & Heavy Construction Association,
- the Alberta Roadbuilders and Heavy Construction Association,
- the Roadbuilders & Heavy Construction Association of Saskatchewan, and
- the Manitoba Heavy Construction Association.

The WCR&HCA is an active member of:

- the Canadian Construction Association (CCA);
- the CCA Roadbuilder & Heavy Construction Council (RBHCC);
- The Road & Infrastructure Program of Canada (TRIP/Canada); and
- has developed a strong working relationship with leading policy think tanks including the Canada West Foundation (CWF), Canadian Manufacturers & Exporters Association (CME), Colledge Transportation Consulting, Organization for Western Economic Cooperation, University of Manitoba Transport Institute (UMTI), and the Van Horne Institute Western Transportation Advisory Council (WESTAC).

OUR APPROACH:

The WCR&HCA has consistently maintained a focused attention on broad national infrastructure policy issues. In 1996/97 the WCR&HCA adopted a National Infrastructure Policy, which targets its attention at three program components:

- **Municipal Infrastructure Program (MIP)** to address core municipal infrastructure deficits;
- **National Highways Program (NHP)** to reinvest in Canada's NHS; and
- **Strategic Infrastructure Investments (SII)** which serve to create new areas of economic activity.

The purpose of the following report is to summarize the key developments in Western Canada and across the country that highlight the momentum that has developed on making transportation and infrastructure a high priority for governments and the public.

MOMENTUM:

Last year we were pleased to report on a number of initiatives and announcements which took place across the country over the previous year which highlighted the significant political shifts taking place supporting the critical importance of transportation and infrastructure investment.

Since then, the momentum has continued to build with a number of other significant announcements, including:

- The May 2006 **Federal budget** increased federal support for infrastructure to \$16.5 billion over the next 4 years. The federal government:
 - Committed \$2.4 billion over five years to a Highways **and Border Infrastructure Fund** to be cost-shared with provinces and territories. This will be replaced with a permanent program after the initial five year period;
 - Renewed the **Canada Strategic Infrastructure Fund (CSIF)** with an additional \$2 billion;
 - Added \$2.2 billion for the **Municipal Rural Infrastructure Fund (MRIF)** based upon continuation of the gas tax funding commitment under the new deal including elimination of population based restriction on the application of federal fuel taxes;
 - Committed to table in the fall of 2006 a **principle based framework to address the fiscal imbalance** through which government will introduce a new framework for long term funding support for infrastructure programs
- The federal government announced in October 2006 a commitment of **\$591 million towards the Pacific Gateway and Corridors initiative** designed to begin transportation system investments in western Canada, to position the region to growth enabled by trade in the Asia Pacific Rim countries and north south US-Canada trade.
- In November, federal Finance Minister Jim Flaherty's released a 10-year economic plan for Canada entitled "**Advantage Canada**". Of the 5 priorities identified under Advantage Canada, gaining an "infrastructure advantage" was one of the priorities highlighting the government's pledge to improving infrastructure in Canada. The "infrastructure advantage" commitments contained in the plan include:
 1. Putting in place a long-term, predictable funding plan for infrastructure;
 2. Putting in place a fair provincial envelope to support improvements to the core national highway system; large scale provincial and municipal projects such as public transit and wastewater management, and smaller municipal projects;
 3. A requirement that all provinces consider public-private partnerships for all larger projects;
 4. The creation of a new federal P3 office to help facilitate the expected increase use of P3s in Canadian infrastructure projects

PUBLIC OPINION:

Public opinion is also on side. Polling since 2000 has consistently found the following themes:

- Very strong dissatisfaction with the condition of streets and highways;
- The view that the federal and provincial governments are not assuming their fair shares of responsibility for roadway investment;
- Support for the notion that gasoline taxes in whole or in part should be dedicated to roads; and
- Support for increased funding for roads and dedicating not only road use fuel taxes but licenses, fees and related transportation user revenues to roads.

Polling conducted in September 2006 by IPSOS Reid¹ found that:

- Roads and highways are viewed as being in worst condition by comparison to other infrastructure assets, significantly worse than hospitals and schools.

¹ 'Building the Future, Leader's Forum on Infrastructure' report attached.

- 73% of Canadians say conditions of roads and highways are in declining condition or in need of a complete overhaul.
- 54% of Canadians say that roads and highways are viewed as the third most in need of overhaul – hospitals at 77% are first, and schools at 55% are second.
- In Manitoba/Saskatchewan roads and highways are the number one priority ahead of hospitals at #2 and schools #3. In Alberta and British Columbia roads and highways rank #3 in priority.

WCR&HCA 2007 PRIORITIES:

In the context of the above momentum and other realities facing the heavy construction industry, the following is a list of the WCR&HCA's priorities for 2006-07:

A. Continue advancing the national three pronged federal policy approach supporting sustained, predictable and transparent investment in municipal infrastructure, national highways and strategic infrastructure investments.

Two specific activities flow from the above. The first is that the WCR&HCA in 2007 should continue to press the federal government to ensure that as the 2006 budgeted programs are rolled out they become a permanent federal program fixture.

Secondly, the current and projected *"investment needs point to the creation of a long-term transportation investment program funded by the most obvious choice – federal fuel tax revenues."* This is the message we have consistently advanced with governments and is now the official position of the Premiers and Territorial Leaders as expressed in their December 2005 report entitled *'Looking to the Future.'*²

B. Continue efforts aimed at establishing a program to sustainably fund a Western Canada Transportation System (WCTS) to support economic growth in the four western provinces.

To that end, the WCR&HCA led in the creation of and chairs a **Western Canada Transportation System (WCTS) Strategy Group** ('WCTS Strategy Group'). Its mission is to advance cooperatively with the four western transportation ministers, a Western Canada Transportation System (WCTS) born largely in the Western Transportation Ministers (WTM) Report³ released March 2005.

With a western based Prime Minister, there is a unique opportunity to persuade the national government to accept the linkages between the emerging Pacific Rim markets and its participating in funding a modern WCTS to support regional and national economic growth.

In January, the strategy group wrote to all four western Ministers to offer to work together on a western-based public-private collaboration to champion the next round of transportation system investments, funding options and solutions. To date, positive meetings have been held with Manitoba and BC's Ministers.

The WCTS Strategy Group membership includes WESTAC, Canada West Foundation, Van Horne Institute, Colledge Transportation Consulting Inc., Organization for Western Economic Cooperation, the Manitoba Transport Institute and the WCR&HCA.

As part of the process of advancing the WCTS concept, the WCR&HCA Conference will hear the following presentations:

² *'Looking to the Future'* December 2005 report of the Council of the Federation (Premiers & Territorial Leaders) is attached.

³ *'Western Canada Transportation Infrastructure Strategy for an Economic Network'* also referred to as the 'WTM Report' of March 2005 is attached.

- a. Jeff Morrison, Executive Director, Roadbuilder & Heavy Construction Council (RBHCC) – *'Federal Transportation Investment Overview;'*
- b. Dr. David Fung – Vice-Chair, Canadian Manufacturers & Exporters Association – *'China and the Changing Dynamics of Asian Trade – Risks & Opportunities for Western Canada;'*
- c. David Colledge, B.Com., President Colledge Transportation Consulting – *'Western Canada Transportation System (WCTS) the importance of a regional system, regional approach.'*
- d. John Engleder, P.Eng., Assistant Deputy Minister, Alberta Infrastructure and Transportation – *'Closing the Funding Gap;'*
- e. Panel discussion & Question & Answer session.

The 'WCTS Group' has the following to offer the four western provincial transportation ministers and their respective governments:

1. Cohesive, articulate, influential group with access to government decision makers at the provincial and national levels;
2. Commitment to a long term initiative aimed at realizing the recommendations for the funding of a WCTS flowing from the recommendations of the WTM Report;
3. Able to marshal private sector and public opinion;
4. Prepared to act as an agent of change; and
5. Prepared to advance funding option discussions.

Promoting to fruition a WCTS should continue to be a priority for the WCR&HCA for the following reasons:

- There appears to be good political support and momentum as already evidence in two very successful meetings with the transportation ministers from Manitoba and British Columbia,
- We have serious stakeholder organizations supporting this initiative, indeed participating at our conference;
- This is consistent with the priority position adopted by the WCR&HCA Board of Directors in March 2006 meeting;
- It advances the economic interests of all four western provinces.

C. Offer research which documents the anticipated reduction of greenhouse gas emissions as a result of transportation investment.

Two reports have been issued which address this matter. Each confirm that expanding or improving the efficiency of existing roadway and highway system reduce fuel consumption and therefore greenhouse gas emissions.

The Conference Board study released in December 2006, entitled "*Build it and will they drive?*"⁴ looked at the question of whether added highway capacity would encourage more vehicular use, and therefore more greenhouse gas and other emissions. Conventional wisdom has held that if more roads and highways are built, more people will drive, and therefore Ghg increase.

The report concluded that there is no basis to this belief. The report used recent Transport Canada survey data to conclude that there is no relationship between added highway capacity and the number of vehicles using that highway, and therefore no relationship between added highway capacity and increased greenhouse gas emissions. Instead, the report concludes that socioeconomic factors, such as urban sprawl, income, and vehicle costs are the main determinants of a person's decision whether to drive.

The second report, '*Freeway Vehicle Pollutant Production Study*'⁵ conducted by McElhanney Consultants of Surrey, BC, and released in January 2007, used computer modeling and real-life surveys to estimate levels of vehicle emissions at various speeds and traffic conditions. The report found that vehicle emissions are at their highest in stop and go, congested traffic. The report then assumes additional highway capacity is added - when that happens, speeds increase, and greenhouse gas and other vehicle emissions drop considerably. The report concludes that adding highway capacity should be considered a strategy for reducing greenhouse gas emissions.

The WCR&HCA should circulate these reports to all provincial ministries of transportation and use them as well in the municipal context. There are many who oppose 'roadbuilding' as a contributor to greenhouse gas emission concerns. These reports may help counter the myth.

D. Advance Aboriginal partnership strategies at the national, regional and provincial level, with the heavy construction industry. The Aboriginal communities are an important solution to attracting and retaining new workers to the industry and providing career choices.

The Canadian Construction Association (CCA) Roadbuilder & Heavy Construction Council (RBHCC) was presented by the WCR&HCA with this as a priority and it has struck a sub-committee to address this matter in partnership with the Construction Sector Council (CSC).

The CSC has asked the RBHCC to hold off on submitting a partnership request until the CSC gets more information from Human Resources Services Canada (HRSD) on its future funding, and in particular on funding promotional campaigns such as this.

Once CSC gets assurances from HRSD that they will continue to provide funding for these sorts of promotional campaigns, the RBHCC will submit a partnership and funding request. It is the RBHCC intention to move forward on such a campaign and this should continue to be a matter of priority interest for the WCR&HCA.

E. Advance skills training and recruitment for the heavy construction industry. Shortages of skilled labourers and heavy equipment operators are problems facing the industry across Canada and certainly in western Canada which require attention. This could lead to harmonizing training and certification standards.

A number of initiatives are underway in this front. As examples: the BC Roadbuilders have been moving forward with its training initiative; the Manitoba Heavy Construction Association has applied for a Private Vocational Institute License to advance training for heavy equipment operators.

⁴ "*Build it and will they drive?*" copy is attached.

⁵ '*Freeway Vehicle Pollutant Production Study*' is attached.

This has also been brought forward to the Canadian Construction Association. The RBHCC has taken a number of steps with regard to training and recruitment. In addition to the aboriginal program mentioned above, its initiatives have included:

- Produced and distributed 2 new promotional posters and a booklet aimed at promoting a career in roadbuilding and heavy construction to younger Canadians.
- Produced and distributed a CD containing a 13 minute video promoting careers in roadbuilding.
- It is facilitating information among the provincial roadbuilding associations on the BC Roadbuilders training curriculum that it has offered to other provincial associations.
- It is lobbying the federal government to expand the \$2000 apprenticeship tax credit and grant to all apprenticeship trades, not just Red Seal trades; and
- It is lobbying the federal government to reform the immigration system to facilitate the entry of foreign construction workers to Canada.

This challenge requires a considerable investment of time, money and energy. Heavy construction associations across Canada are working collaboratively to support this priority. As these progress forward, continued sharing of approaches, curriculum, standards and the like will help address this priority.

CONCLUSION

After years of pressing our message with all levels of government and to the public, we can all be proud that we have moved the discussions to the next level. We no longer have to convince people of the importance of addressing the transportation and infrastructure deficit, as it is now a recognized high priority at all levels of government.

With that obstacle out of the way, we can now concentrate on getting governments to commit the *appropriate* levels of funding to tackle this important government priority in a timely manner. A priority, I might add, which has become a high priority thanks in part to the ongoing hard work and dedication of everyone involved with the WCR&HCA.

Respectfully submitted,



Chris Lorenc, B.A., LL.B.,
WCR&HCA President