



WCR&HCA 2006 Transportation and Infrastructure Momentum & Priorities Report – March 2006

INTRODUCTION:

The Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA) represents the heavy construction and related industries in western Canada. Headquartered in Winnipeg, it has four member Associations: the BC Roadbuilders & Heavy Construction Association, the Alberta Roadbuilders and Heavy Construction Association, the Roadbuilders & Heavy Construction Association of Saskatchewan, and the Manitoba Heavy Construction Association.

Collectively our 1800 member companies are engaged in the building, maintaining and repairing of Canada's infrastructure, and employ directly and indirectly well in excess of 150,000 Canadians. Our industry contributes billions to Canada's domestic GDP. As an industry and association we support initiatives recognizing the importance of investment in transportation and infrastructure.

The WCR&HCA is an active member of the Canadian Construction Association (CCA); of the CCA Roadbuilder & Heavy Construction Council (RBHCC); The Road & Infrastructure Program of Canada (TRIP/Canada); has a strong working relationship with leading policy think tanks like the Western Transportation Advisory Council (WESTAC), the Canada West Foundation (CWF) and the Van Horne Institute.

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 which are estimated to range in the vicinity of \$66 billion and annually growing exponentially;
- **National Highways Program (NHP)** to reinvest in Canada's NHS - a ribbon of highways now 38,000 kilometers in length with an investment deficit or debt of approximately \$30 billion; and
- **Strategic Infrastructure Investments (SII)** which serve to create new areas of economic activity. These include economically strategic infrastructure investments.

We were quite pleased that 2005 appeared to usher in a period of significant political and public opinion shifts in favor of recognizing and supporting the critical importance of transportation and infrastructure investment and recognition that these investments cumulatively are economic enablers.

The following report summarizes 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.

WESTERN TRANSPORTATION MINISTERS' REPORT – MARCH 2005:

In March 2005, Western Transportation Ministers released a report called: the **Western Canada Transportation Infrastructure Strategy for an Economic Network**. The Ministers said the report was prepared because *“a new strategy to revitalize Canada’s deteriorating transportation infrastructure, particularly roads, is long overdue.”*

The report noted that relatively less is being spent by government on capital projects in general, and pointed out that the gap between required investment needed to keep up with demand and actual investment is widening. It identified a transportation investment need of \$15 billion in western Canada.

Further the Ministers stated that the report is *“also intended to inform Cabinet members and provincial finance officials about the critical need for transportation reinvestment. Canada’s economic wealth depends on trade. Failure to support the very system that makes trade possible jeopardizes the future standard of living for all Canadians.”*

GAS TAX AGREEMENTS - APRIL 2005:

The first federal gas tax agreement in April 2005. The new Prime Minister, Conservative Leader Stephen Harper, has committed to maintaining these agreements.

On even a more positive note, he has indicated his willingness to reopen the agreements to do away with the restrictions put in place by the previous governments that denied some municipalities based solely upon population size the opportunity to use the funds to invest in roads.

PREMIERS' COMMUNIQUÉ – AUGUST 2005:

At the August 2005 meeting of the Council of the Federation, Canada’s Premier’s and Territorial Leaders made transportation and infrastructure a top priority.

In recognizing that Canada’s provinces and territories have a range of differing infrastructure needs, Premiers identified Canada’s transportation system as one of the most important foundations of our country’s international competitiveness and noted that it is key to ensuring a better standard of living for all Canadians.

They also expressed serious concern that absent or aging highway systems and congestion on key routes to airports, ports and border crossings are eroding Canada’s ability to compete in the global economy.

EXPANSION OF THE NATIONAL HIGHWAYS SYSTEM – SEPTEMBER 2005:

In September 2005 the Council of Ministers responsible for Transportation and Highway Safety agreed at their meeting in Calgary to expand the National Highway System (NHS), following a report and recommendations by the National Highway System Review Task Force.

Approximately 4,500 kilometers of feeder routes and 5,900 kilometers of northern and remote routes are being added to the NHS, as well as approximately 500 kilometers of key intermodal connector routes.

The expanded NHS agreed upon today encompasses 38,021 kilometers of key highway linkages in three categories:

- **Core Routes:** Key inter-provincial and international corridor routes (the original 1988 NHS routes, the September 2004 additions, and links to key intermodal facilities and major border crossings which connect with “core” routes)

- **Feeder Routes:** Key linkages to the Core Routes from population and economic centres (including links to intermodal facilities and important border crossings)
- **Northern and Remote Routes:** Key linkages to Core and Feeder routes that provide the primary means of access to northern and remote areas, economic activities and resources.

FIX OUR HIGHWAYS CAMPAIGN – OCTOBER 2005:

In October 2005, a coalition of major business associations, joined by MPs from all four federal parties, launched a national campaign telling the federal government to ‘fix our highways’. The coalition called upon the federal government to ensure stable, long-term investment in the National Highway System, starting with the 2006 Federal Budget.

As part of the campaign, the coalition also unveiled a new interactive website – www.fixourhighways.ca – allowing Canadians to go online and register their dissatisfaction with the state of the highway system. They can add their names to an e-petition that will be sent to the Prime Minister, they can participate in a survey, and they can post their comments on a bulletin board.

The *fixourhighways* coalition consisted of five partners: the Canadian Trucking Alliance, the Tourism Industry Association of Canada, the Canadian Bus Association, the Association of Consulting Engineers of Canada, and the Canadian Construction Association.

CCA SURVEY OF MEMBERS OF PARLIAMENT – OCTOBER 2005:

In conjunction with the launch of the *fixourhighways* campaign, the coalition released the results of a survey of all Members of Parliament regarding their support for a “long-term, sustainable National Highway Program for Canada”. The results were definitive – of 111 MPs who responded, 108, or 97%, supported long-term federal investment in the National Highway System.

PACIFIC GATEWAY ACT – OCTOBER 2005

In October 2005, the proposed Pacific Gateway Act was introduced in the House of Commons. The legislation set out a new policy and governance foundation for further development of Canada’s Pacific Gateway and committed the Government of Canada to a clearly defined strategy.

The Act established Canada’s Pacific Gateway Council to promote consensus among a full range of public partners and private sector stakeholders, and to advise decision-makers on priorities for developing the Pacific Gateway.

PREMIERS’ NATIONAL TRANSPORTATION STRATEGY – DECEMBER 2005:

During the August 2005 Council of the Federation meeting, Premiers identified Canada’s transportation system as one of the most important foundations of our country’s international competitiveness. At that time, it was announced that Premiers would develop a comprehensive National Transportation Strategy. This strategy was released by the Premiers in December 2005:

In the strategy – called *Looking to the Future: A Plan for Investing in Canada’s Transportation System* - Premiers identified Canada’s transportation system as vital to promoting economic growth, international competitiveness and the best standard of living for all Canadians. They said that in order for Canada to succeed in the world marketplace, we need to build and maintain a modern transportation system that is safe, secure and supportive of the global trading network.

Premiers agreed that transportation and infrastructure in urban centers requires ‘urgent’ attention, and acknowledged that ‘congestion in Canada’s largest urban centers is adversely affecting the quality of people’s lives, environmental standards and the flow of vital trade.

Four key parts of the strategy were:

- the identification of a strategic network;
- details of provincial and territorial priorities;
- recommendations for changes to the policy framework; and
- a call for a new funding partnership with the federal government.

Under Western Provinces' priorities, the report noted that: the National Highway System handles more than one-quarter of all traffic in the region. *"Investment is required to both preserve the existing road system and meet the growing demand for better safety, capacity and mobility."*

With half of Canada's maritime exports and 85% of the western provinces maritime exports currently handled by the Pacific Gateway and associated trade corridors, the efficient development and promotion of the Pacific Gateway and associated trade corridors is required to ensure Canada has the necessary infrastructure in place to improve competitiveness and take advantage of the growing opportunities in Asia-Pacific trade in the years ahead.

The report also stated that *"an effective and efficient transportation system throughout the West is a vital component in creating value in the national economy. To enhance Canada's competitiveness, capture the opportunities, and reap the economic benefits, billions in public and private sector investment in infrastructure that serves the Gateway will be required."*

Overall, provinces and territories have identified about \$97 billion that is required for capital investment in transportation priorities over the next 10 years. To address the need, Premiers are recommending that the federal government provide long-term stable funding, with the most obvious revenue stream being federal fuel tax revenues.

The report notes that according to Transport Canada's Annual Report for 2004, provinces and territories invested \$6.2 billion, the equivalent of 92% of the fuel taxes they collect, compared to the federal government which collected more than \$5.1 billion in fuel taxes but spending on roads only amounted to \$441 million, or 9% of its fuel tax revenue.

The Premiers also project that over the next ten years, federal fuel tax revenues will total about \$48.67 billion. Current federal commitments amount to \$15.8 billion, leaving an unallocated amount of \$32.87 billion available. The Premiers are recommending that a Strategic Transportation Infrastructure Fund be created to provide a stable and adequate core funding source for capital infrastructure investments.

TRANSPORTATION SYMPOSIUM 2006:

The Canada West Foundation, the Van Horne Institute, WESTAC and the WCR&HCA are currently developing the framework of a transportation-specific conference to be held in 2006 – a conference critically important to the overall strategy of keeping up the momentum that has been building in favor of transportation over the last year. The symposium focus? *Transportation – An Economic Enabler.*

PUBLIC OPINION:

And finally, based on numerous public opinion polling that has been done throughout the year, it is clear that Canadians in general support sustained investment in transportation and infrastructure. Among other things, the public:

- is very dissatisfied with the condition of streets and highways;
- believes the federal and provincial governments are not assuming their fair shares of responsibility to ensure that the public drives along streets and highways, which are safe and fit for the purposes intended;
- feels that gasoline taxes should be dedicated to roads;

- supports increased funding for roads and dedicating not only road use fuel taxes but licenses, fees and related revenues to roads; and,

FEDERAL ANNOUNCEMENT

All of the above developments, efforts in 2005 and emerging in 2006, culminated however, in a very important announcement made by now Prime Minister Stephen Harper on January 11, 2006 - for which announcement we must hold him accountable. He committed to the following:

- Continuation of the *Gas Tax Agreements*. This will hopefully hallmark a long term Municipal Infrastructure Program (MIP);
- A new stand alone five-year \$2 billion *National Highways/Border Crossing Program*. This hopefully marks the beginning of sustained investments in Canada's critical national transportation assets including the National Highways System; and
- Continuation of the remaining infrastructure programs including the *Strategic Infrastructure Investment Fund*.

It would appear that we are on the verge of witnessing a federal program which mirrors the positions advanced by the WCR&HCA since 1996.

WCR&HCA 2006-07 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.
- B.** The WCR&HCA supports the direction and needs outlined in the 'momentum reports' and announced initiatives. We will participate in activities to hold governments accountable so that the ideas expressed within them are reflected in all Western provinces.

To that end, the WCR&HCA will develop a strategy based upon the report to publicly promote transportation investment in western Canada. It will lead in the creation of a Western Transportation Coalition (WTC).

The Western Transportation Coalition (WTC) mandate should be to develop a strategy to promote with government and the public, sustained transportation investment in western Canada based primarily upon the recommendations in the Western Transport Ministers Report entitled "Western Canada Transportation Infrastructure Strategy for an Economic Network," the Pacific Gateway Strategies and the Council of the Federation report "A Plan for Investing in Canada's Transportation System" in a manner that reflects the best interests of all of western Canada.

Coalition membership should include major regional transportation and policy stakeholders such as: WESTAC, Van Horne Institute, Canada West Foundation, the Manitoba Transport Institute, Yellowhead Highway Association, 'Big City' Mayors from western Canada, arms length transportation authorities, rail, air, trucking and marine interests.

In addition provincial chapters of the Chambers of Commerce, Canadian Automobile Associations, consulting engineers and municipal government could be approached.

The mandate has to attract interest, yet be sufficiently focused to allow effective WTC decision making in the interests of ensuring the ability to influence policy and investment decisions."

C. Commission at the national level a researched report documenting the anticipated reduction of greenhouse gas emissions as a result of transportation investment.

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.

E. Advance skills training and recruitment for the heavy construction industry. Shortages of skilled laborers 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.

CONCLUSION

None of what is reflected in this report could have been possible without the full support of the WCR&HCA by the four member associations, without the national, regional and provincial networking and coalition building skills of the WCR&HCA and its member associations, without the support of the Canadian Construction Association and the countless number of stakeholder organizations, and most importantly, without the support of the heavy construction industry in western Canada for which we are very grateful.

It has taken many years of driving home the message to the public and all levels of government to reach the point we are at today.

By continuing to press forward, we have every confidence that Canadians will start seeing the rewards of that hard work.

Respectfully submitted,



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