

Highway Infrastructure Challenges

Presentation

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Canadian Trucking Alliance

The National Highway System

- NHS comprises 25,000 kilometres of highway
- Interprovincial and international routes
- Linkages with major cities, border ports
- Constitutes less than 3 percent of total road network
- Estimated that NHS carries over 25 percent of all highway traffic

System Deterioration

- 1989 study for Council of Transport Ministers identified 38% of NHS as below minimum acceptable standards
- 1998 update showed further deterioration
- Length of system with deficiencies increased 30%
- \$17.4 billion (1997 dollars) needed to bring NHS up to minimum acceptable standards

Government Road-Related Revenue (2003-04)

- Federal excise tax on motor fuels for road use: \$4.4 billion
- Provincial/territorial fuel taxes & road use fees: \$9.5 billion
- Total revenues: \$13.9 billion

Federal Spending on Road Infrastructure (2003-04)

- Roads & bridges: \$147 million
- Highway agreements: \$116.2 million
(includes \$65 million under S.H.I.P.)
- Infrastructure Canada: \$39.7 million
- PEI fixed link: \$51.4 million
- Total federal road spending: \$354 million

Road Revenues vs Expenditures

➤ Revenues

- Federal government: \$4.4 billion
- Provincial/territorial: \$9.5 billion
- Total: \$13.9 billion

➤ Expenditures

- Federal government: \$0.4 billion
- Provincial/territorial/local: \$13.2 billion
- Total: \$13.6 billion

➤ Federal "reinvestment" ratio: 9%

➤ 2005 US highway bill (SAFETEA) provides \$39 billion USD per annum over 6 years

CTA Concept: National Highway Trust Fund

- Administered by not-for-profit corporation
- Equal partnership of trucking industry (other road users if committed), federal, provincial/territorial and municipal governments
- Road user contributions through incremental “infrastructure levy” on fuel sales
- Funding for new roads and major improvements to be evaluated based on strategic value
- Authorization to borrow
- An initial 10-year horizon

Funding Levels

- Incremental 1.5 cpl on all road fuels would yield about \$750 million annually from users
- If trucking industry only, 5.7 cpl on road diesel would be needed to raise \$750 million
- Matching contributions from government would yield about \$1.5 billion annually
- About 75% of revenue in any jurisdiction would support “home based” projects

Hurdles to Trust Fund?

- Political will
- Trust fund specific to highways vs intermodal or urban infrastructure
- Dedicated funding
- Consumer sensitivity to fuel price increases