



WCR&HCA Report 2009 & Recommendations for 2010

The following provides a highlight of progress related to 2009 priorities and recommendations for consideration for 2010 priorities for the WCR&HCA.

A. Sustained Infrastructure Funding Post Stimulus Programs

A major public and government relations should be considered and resourced to be launched both at the provincial and coordinated at the national level related to federal infrastructure investment post stimulus program funding speaking to the need to continue sustained investment in Canada's infrastructure.

There have been very significant increases in federal infrastructure funding over the last number of years.

Beginning in 2005

- GST rebate (\$7 billion over 10 years)
- Accelerated Municipal Rural Infrastructure Fund (\$1 billion over 5 years)
- \$5 billion over 5 years from Gas Tax Revenues (now a permanent program)

Continuing with Budget 2007

The Building Canada Plan added to previous programs to create a new 7 year \$33 billion program calculated as follows:

- | | |
|------------------------------------|----------------|
| • Municipal Gas Tax Fund | \$11.8 billion |
| • GST rebate to municipalities | \$ 5.8 billion |
| • Building Canada Fund | \$8.8 billion |
| • National Gateway & Borders | \$2.1 billion |
| • P3 Fund | \$1.3 billion |
| • Asia-Pacific Gateway & Corridors | \$1 billion |
| • New Provincial/Territorial Fund | \$2.3 billion |

Budget 2009

The January 2009 federal budget measures added a further \$11 billion to the \$33 billion federal commitment to infrastructure investment.

- New two-year \$4 billion Infrastructure Stimulus Fund (ISF) (Note: by December 2009 more than \$3.6 billion committed to roughly 3200 projects)
- New two-year \$2 billion Knowledge Infrastructure Program (KIP)
- New 5 year \$1 billion Green Infrastructure Fund (GIF)
- New \$500 million Recreational Facilities Upgrade Fund (RFUF)
- New two-year \$515 million First Nations Infrastructure Fund (FNIF)
- New two-year \$1.5 billion federal Accelerated Infrastructure Program (AIP)

Under a number of the above programs, projects must be completed by March 2011.

- What happens when the course of these programs expires??
- What level of infrastructure funding will the federal government then be participant in??
- What impact to the economic stimulus will there be if the funding dramatically falls??
- What are the required levels of federal investment in infrastructure to ensure that gains made are not lost by regressing to past practices?

The above are some of the fundamental questions to be faced by governments, the general public (see attached Five Myths of Canadian Infrastructure) and industry alike.

Of paramount importance in shaping public policy is public opinion. What is the prevailing public opinion related to these matters and how might it be shaped and /or harnessed?

Some insight can be gained from a FCM poll conducted by Strategic Counsel the results of which are summarized below.

FCM Strategic Counsel Poll

- FCM retained Strategic Counsel to conduct a public opinion poll January 2010
- Findings include the following;
 - Canadians are giving the federal government at least a decade to eliminate its budget deficit, but they don't want it cutting local infrastructure investments to get there.
 - Canadians believe the federal government should work toward a balanced budget over the medium to long-term, while continuing to improve ageing roads, bridges, public transit, and water systems. Canadians feel that deficit reduction, while a priority, is not a good reason to put infrastructure funding for their cities and communities on hold.
 - Alongside health care, Canadians view community infrastructure as the most important area to protect from federal spending cuts.
 - Canadians consider municipal infrastructure investments as being essential to their quality of life. In fact, Canadians believe that these investments will do more to improve their quality of life than tax cuts. This belief is held strongly enough that more than two-thirds (up from 2008) indicate that they would support raising the GST in order to fund infrastructure spending.
 - Canadians also see the state of their local infrastructure as an economic issue. Canadians believe ageing infrastructure is as big a problem for the national economy as the federal budget deficit itself. Most Canadians believe the country is falling behind on infrastructure investments and that this is a threat to their future prosperity.
 - In the near-term, most Canadians believe that the Federal Government's Economic Action Plan will help address the \$123 billion municipal infrastructure deficit and improve local infrastructure throughout the country. They want the Federal Government to continue playing an active role in supporting their communities.
 - Compared to 2008, Canadians are far more likely to pay attention to municipal affairs – and they want greater Federal involvement in the local issues that affect them on a daily basis. In fact, three-quarters say that the Federal government should be doing more to improve the quality of life in their local communities over the next five years. Most Canadians also say that the money for upgrading infrastructure should come from the Federal Government rather than higher property taxes.
 - It is clear that the Federal Government can capitalize on goodwill and improve perceptions through cost sharing and other innovative ways of fostering partnership. Canadians are in favour of allowing municipalities greater revenue-generating abilities in addition to raising property taxes. Virtually all Canadians agree that the Federal Government should split expenses with municipalities when making regulations that force municipalities to spend more money.
 - While fighting the deficit is important, Canadians believe investing in local infrastructure is an immediate an ongoing priority.
 - While Canadians believe that the budget should be managed over time, they hold infrastructure as a spending priority worthy of immediate action. In fact, Canadians regard Infrastructure (69%) as being on par with health care (75%) as the most important priority for spending as the deficit is dealt with.
 - Canadians believe that the country's future prosperity will be at risk if we do not continue to improve and upgrade our infrastructure (83%).
 - In fact, 50% of Canadians support raising the GST (32%) or income taxes (18%) as their first choice for eliminating the deficit.
 - Canadians see improving commuter transit (61%) and local transit services (54%) as the clear spending priorities when it comes to transportation. These are higher priorities than the high speed train service (34%).
 - Most think that we will risk our future prosperity should we fail to continue improving and upgrading our infrastructure
 - Canadians want a taxation regime that reflects a commitment to local community infrastructure.
 - Canadians believe that improving local infrastructure (57%) would have a greater impact on their quality of life than tax cuts (45%).
 - 50% of Canadians support raising the GST (32%) or income taxes (18%) as their first choice for eliminating the deficit.
 - Most Canadians would support increasing the GST from 5% to 6% and dedicating the revenues to improving local infrastructure (70%).
 - This view is entrenched, with 43% of Canadians strongly supporting this GST hike, up 9% since 2008 (34%). Only one-in-five Canadians would oppose such a move (21%).

Given that a number of the programs expire in March 2011, it is imperative that the MHCA working either in Manitoba alone, and/or collaboratively with the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA) and the Canadian Construction Association's Roadbuilder & Heavy Construction Council (RBHCC) undertake a public / government relations initiative to address the need for sustained infrastructure investment programs.

Recommendation:

1. That the WCR&HCA commit resources to pursue collaboratively through the WCR&HCA, the CCA and the RBHCC as a priority matter for public and government relations attention, sustainable and sustained federal investment in the nation's infrastructure as a continuing stimulus to provincial and municipal investment in core municipal and transportation infrastructure

B. Western Canada Transportation System (WCTS) & Removing Impediments for Trade

The WCR&HCA President chairs a western Canada private sector group - Western Canada Transportation System Group (WCTS Group) - whose mandate is to pursue the development and funding of the WCTS - a multi-modal transportation system designed to underpin western Canada's economy which is overwhelmingly dependent upon trade.

Its origin is a 2005 Report of the Western Transportation Ministers (WTM Report). The WCTS Group working in collaboration with the four western deputy Ministers undertook an update of the 2005 Report. It however added the needs of the Territories and was held up in preparation. The WCTS Group submitted to the Deputy Ministers views - earlier distributed - on how to ease 'regulation / trade congestion' to enhance free trade and competitiveness in western Canada.

While the update was completed in the late summer of 2009, it has yet to be formally adopted. Reasons:

1. Focus and attention by all provincial governments on accessing the federal stimulus programs funded by the federal government to enhance and encourage economic activity in the recessionary period;
2. In a slow process each of the four western provincial deputy ministers of transportation either retired or were shifted to other portfolios; and
3. We now have four new ministers in each of the four western provinces.

The cumulative effect of the above has stalled the effort.

In recent discussion with some of the WCTS Group, the emerging view is that the initiative should narrow its focus to the development, construction and funding of a strategic WCTS corridor in the context of the 'Trans Canada' providing the physical strategic highway footprint forming the backbone connecting western Canada to eastern Canada with strategic links south to the United States Border.

The principles underlining such activity should reflect the National Framework Document on Strategic Gateways and Corridors, and the principles of the Asia Pacific Gateway & Corridor Initiative (APGCI). The APGCI witnessed in excess of \$1 billion invested in western Canada trade supporting transportation infrastructure, of which roughly \$800 million was invested in British Columbia.

The Hon Steve Ashton, Manitoba Minister of Infrastructure & Transportation was identified as the most likely to be willing to champion such an initiative although that remains for discussion.

Recommendation: that the WCR&HCA continue pursuit of the WCTS narrowed in focus to a national highway which connects western Canada to eastern Canada with strategic links south to the United States Border in a manner consistent with federal priorities as outlined in the National Framework Document on Strategic Gateways and Corridors, and the principles of the Asia Pacific Gateway & Corridor Initiative (APGCI).

C. Foreign Trade Zones (FTZs)

Canada's economy is five times more dependent upon trade than the economy of the United States. Western Canada's share of trade actually exceeds its share of the nation's population. Trade supporting transportation assets, whether hard as in multi-modal transportation systems or regulatory in nature such as Foreign Trade Zones (FTZs), are a competitive economic imperative for western Canada and Canada as a whole.

FTZs are used extensively around the world to competitive global trade advantage, particularly in the United States with inland ports. They are designed to encourage the movement to inland locations (inland ports) away from marine

facilities, products for value add activity, manufacturing and assembly, distribution/transshipment or storage prior to market delivery without triggering duties and related taxes *until* the product is exported from the inland port to its market destinations.

Supported by the WCR&HCA this was taken to the CCA International Business Committee Chaired by Dee Miller, which committee endorsed FTZs as a priority policy matter. Michael Atkinson and the undersigned were designated to marshal the file forward. Canada has an existing regime which is spread around a multiplicity of departments with no coordination of its full value and certainly no promotion of it abroad.

There are a number of inland port initiatives in Canada: Alberta, Saskatchewan and Manitoba. The federal government has recognized the inadequacies of its current régime and has allowed a pilot project launched with CentrePort Canada to house a one stop shop effort Canadian FTZ with promotion abroad.

Recommendation: that the WCR&HCA continue supporting the expansion of a fully fledged, globally marketed FTZ policy for Canada to assist Canadian enterprises being globally competitive and to be used as incentive mechanisms to locate trade, logistics and related investments in Canada, all to support the National Framework on Strategic Gateways & Corridors aspiration of ensuring that Canada is the international trade gateway and the APGCI which reflects supporting trade/transportation investments.

D. Hours of Service (HOS) Exemption

There has been some progress made on this file.

In summary Bill Ferreira (CCA/RBHCC), Gord Lee (MB), Barry Brown (MB), Chris Lorenc (MB) were designated to manage and oversee the preparation of the Canadian Construction Association (CCA) and the Roadbuilder & Heavy Construction Council (RBHCC) HOS Exemption Application, and the preparation of a 'promotional lobby' brochure for use in soliciting support for the application and beyond.

The application was submitted in December 2009 following extensive cross country consultation that involved each of WCR&HCA COOs in a number of ways. Since the filing of the exemption application, Transport Canada has raised a number of questions. Bill Ferreira was asked to assemble generic examples of the impact of the proposed Federal HOS regulation. These are in process of being assembled from Leo McArthur (ONT), Frank Rizzardo (BC), Gord Lee (MB), Barry Brown (MB) and others.

As first draft of the HOS Exemption brochure was reviewed by Bill Ferreira and Chris Lorenc. It will undergo a substantial re-write and hopefully be available for distribution and lobby support.

Recommendation: that the WCR&HCA continue efforts in collaboration with the CCA/RBHCC, pursuit of an industry specific exemption from the federal Hours of Service Regulation concurrent with supporting literature to assist in lobby efforts with provincial jurisdictions.

E. Promotion of Careers in the Heavy Construction Industry

The aging workforce and imminent retirements in the construction industry generally (but specifically in the heavy construction industry) is well documented in Labour Market Information (LMI) studies conducted by the Canadian Construction Sector Council.

This matter was taken to the CCA Roadbuilder & Heavy Construction Council (RBHCC) where it was agreed that a committee chaired by Gene Syvenky (ARHCA) would pursue the development of a national website designed to promote careers in our industry. It would allow one national, consistent message complete with provincial links promoting career opportunities.

The committee has met several times and continues to work towards finalizing the elements of such a website. Funding for its development will likely come from the RBHCC. This matter will be considered at the RBHCC meetings in March 2010.

Recommendation: that the WCR&HCA continue to support the development of a national website along with related promotional material for the purposes of promoting careers in and attracting new workers to the heavy construction industry.

F. Taxable Benefits for Employer Funded Vehicles

Leadership on this file was deferred to the Canadian Construction Association as the federal/national voice of our industry.

Recommendation: that the WCR&HCA continue supporting CCA efforts designed to finalize matters related to Taxable Benefits for Employer Funded Vehicles

Conclusion

The above are respectfully submitted for consideration.

Jason Clunie
WCR&HCA Chair 2009

WCR&HCA 2009/Chair's Report & Recommendations

