

March 11, 2003

Report from the Chairman to the Annual Meeting of the WCR&HCA

It is my pleasure to present an overview of topic areas addressed by the WCR&HCA Board of Directors since March 2002. As you know, the WCR&HCA is an Association of the four-road builder and heavy construction associations headquartered in western Canada. Although we are based in western Canada the primary focus of our attention is promoting the need for three policy initiatives at the federal level. Those are:

1. **National Infrastructure Program (NIP)** to address Canada's crumbling core municipal infrastructure. The investment deficit this program addresses exceeds \$44 billion;
2. **National Highways Program (NHP)** with which to re-build Canada's National Highways System essential for trade, commerce and tourism, which requires a \$17.5 billion investment; and
3. **Strategic Infrastructure Investments (SII)** which platform new areas of economic growth.

Working with TRIP/Canada, CCA, and CRCI, we have been reasonably successful with respect to municipal infrastructure funding through the now three Canada Infrastructure Works Programs, which began in early 1994.

However, we have yet to convince Ottawa of the need to implement a formal National Highways Program (NHP) with which to re-build Canada's National Highways System. Government attention here has typically been limited to inadequate and sparsely funded Strategic Highways Improvement Programs (SHIP). These SHIP agreements ignore the level of investment required to provide Canada with an efficient, modern, safe and cost competitive national highways system.

The federal government collects roughly \$5 billion in road use taxes annually yet has committed to only returning \$150 million annually over each of the next four years for a total federal contribution of \$600 million through the current SHIP Agreements. That put in context alongside a \$17.5 billion reinvestment requirement is simply irresponsible.

Accordingly, the Board identified pursuing support for an NHP as its primary focus for 2002/2003. We took that message to our meetings with the Canadian Construction Association, TRIP/Canada and the Roadbuilder & Heavy Construction Council. As a result a number of strategic initiatives were taken by the WCR&HCA:

- a. Professional Quebec based government consultants were retained initially to pursue strategic lobbying of key Quebec ministers, senators and MPs;
- b. In July 2002 Pollara undertook a national poll on our behalf. It found
 - 58% supported federal funding for the NHS through an allocation of gasoline taxes;
 - 55% believed that funding improvement of Canada's NHS should be shared between the federal and provincial governments; and

- 38% of prairie respondents believe that the federal government should fund 75% or more, of the NHS cost.
- c. Given those results and the reality that the Liberal Party must retain its seats in Ontario to hold government majority, an Ontario based consultant was retained to pursue efforts with Ontario MPs, Ministers and Senators;
 - d. At the February 2003 TRIP/Canada meetings, it was agreed having heard from the consultant that the Management Committee explore the feasibility of a public awareness campaign in Ontario advocating the importance of transportation and infrastructure investment for Canada. The rationale for this decision is that it is public opinion that must assist in the final push for an NHP. A report is to be presented for the Roadbuilder Council consideration in May 2003;
 - e. TRIP/Canada Management Committee continues to meet more frequently, assessing and managing the progress of the lobby efforts, and ensuring effective expenditure of TRIP/Canada funds generally. We are grateful to Frank Rizzardo who has been the WCR&HCA representative on the Management Committee;
 - f. Apart from our work at the national level, the WCR&HCA Board also directed that efforts be made at the regional level. We initiated in early to mid 2002, a series of meetings of key stakeholders from western Canada to determine what interest there might be in advancing with one voice, the call for investment in western Canada's transportation system. While at first the meetings seemed fruitful, they concluded with no specific action steps.
 - g. Given the failure of the federal and provincial governments to press for policy initiatives with Ottawa other than the funding of healthcare, it became apparent that *"If the public had an appreciation for the critical contribution that transportation makes towards life in Canada, to the same extent it has for healthcare and education, the public sector would be better able to address its policy challenges and issues more effectively."*

Independent of one another, a broad range of transportation stakeholder organizations came to similar conclusions. To change public policy, we must have the support of an informed and active public opinion.

It is in this regard that with the support of the WCR&HCA Board of Directors, and the active participation of our Association Chief Operating Officers, that the Transportation Awareness Partnership (TAP) was formed. Its objective quite simply is to participate in an awareness campaign that seeks to accomplish the following objective:

"To raise public awareness, understanding and appreciation of the significance of transportation in people's daily lives."

To date we have been unable to convince the public of the importance of transportation. The public, media and some politicians under appreciate transportation. Transportation does not receive the profile it should in a trade dependant economy like Canada's. The signs are everywhere.

- There is little understanding and appreciation by the public of the capital funding crisis that is facing the nation's transportation infrastructure.

- Transportation policy issues do not seem to engage the public, government and the media in the way other policy areas such as health care, education and the environment do.

As a result of those meetings the stakeholders agreed to issue RFPs whose objective it is to solicit strategic advice on how to pursue a public awareness campaign to assist the public's better understanding, appreciation and therefore concern for the significant role transportation plays in their daily lives.

You heard a presentation on this topic. Suffice it to say that the creation of the Transportation Awareness Partnership (TAP) is a significant development critical to our ultimate success and therefore worthy of our support.

Federal Budget 2001 – Highlights & Commentary - \$3.6 B for Strategic Infrastructure Fund & Municipal Infrastructure - Nothing for Highways

The February 18, 2003 Federal Budget added \$3.6 billion in infrastructure support over the next 10 years. A total of \$2 billion will be used to double the funding available under the Canada Strategic Infrastructure Fund. This will allow the Fund to provide additional assistance to large-scale projects, including those located in Canada's major urban centers. Six hundred million dollars has been allocated for First Nations Reserves water and sewer systems. The remaining \$1 billion will finance new municipal infrastructure investments over the next 10 years that will focus on projects that are typically smaller in scale.

The reaction to this federal "commitment" was loud and justifiably hostile.

"What a joke" was Winnipeg's Mayor Glen Murray's comment in response to the \$3 billion 10 year \$300 million per year so-called commitment to Canada's national municipal infrastructure announced in the 2003 federal budget. He had been designated to provide reaction on behalf of the Big City Mayors Caucus, and he was blunt.

Jack Layton, the NDP's new federal leader noted that the \$300 million per year was hardly enough to build one water or wastewater treatment plant in a larger urban center and *"we need them right across the country."*

In terms of funding the national highways system the Budget does not stipulate how much of the \$2 B increase to the Strategic Infrastructure Fund will be spent on highways or anything else, nor did the Strategic Highway Improvement Program (SHIP) receive additional funding.

Mayor Murray added that Canada's highways are the worst in the G8 countries, and short of shutting them down at the border, ignoring necessary investment in highways was the next most *"stupid"* thing to do.

Premiers noted that Ottawa collects \$5 billion from Canadians in fuel taxes and reinvests very little back to highways. They expressed disappointment with this lack of federal recognition of their role related to the funding of national transportation systems and of course they are right.

CCA expressed disappointment that there was no sustained strategy announced for Canada's critical National Highway System. As the most important component of Canada's transportation and trade network, and as a key element in increasing safety and reducing greenhouse gas emissions, the federal government continues to neglect the need for strategic investment in Canada's National Highways.

About the only encouraging aspect of the budget was its universal condemnation as it relates to infrastructure.

The "*what a joke*" comment probably says it best of all. Canada's national infrastructure investment deficit is an estimated staggering \$124 billion - \$17 billion for the National Highways System (NHS), \$50 billion for provincial highways outside the NHS and \$57 billion for core municipal infrastructure including streets, water and sewer distribution systems. This haemorrhage on our fiscal stability was virtually ignored in the 2003 budget.

The Prime Minister really did have an opportunity to reinvest in the country, to begin a process of re-building the country's physical transportation and infrastructure assets, which have "brought" the surpluses. Instead, the PM is leaving as a legacy, a municipal infrastructure ignored and its national transportation network still devoid of any federal vision or plan.

What a missed opportunity, what a failed legacy budget, what a joke!

Priorities

Given all that has transpired, the WCR&HCA should in the Board's view focus its activities on the following areas:

- ❑ First, support the Transportation Awareness Partnership (TAP) initiative;
- ❑ Continue to push the federal government to heed the recommendations contained in the Canada Transportation Act Review Committee, which called upon Ottawa to dedicate a portion of gasoline taxes to an arms length federal agency to manage investment in Canada's national highways system. This is the only way of providing some assurances of transparency, sustainability and responsibility in the funding of Canada's major transportation network;
- ❑ We must influence public opinion in Ontario to press the 100 plus Liberal MPs for a national highways program. Candidly, political clout rests in Ontario; and
- ❑ Continue involvement with a broad range of key stakeholders in western Canada, whose objectives include the support for sustained and transparent investment in and funding of national transportation assets such as the national highways system, to allow our part of the country to participate in the growth of the nation's wealth.

The times we live in are interesting and challenging. The building of a national highways system can advance trade and tourism opportunities, and catalyst the growth of new wealth in Canada. With your continued support, those apparently elusive goals can be achieved.

In conclusion let me say that the WCR&HCA Board of Directors is sensitive to the needs of the industry it represents. We are hopeful that with new initiatives in place and being implemented, working with TRIP/Canada, and with the emergence of the Transportation Awareness Partnership (TAP) that our efforts will succeed.

I thank you for your support, and for the opportunity of presenting this brief report.

Submitted for your information.

Lenard Soroka
Chairman, WCR&HCA

Cw\lc:\WCR&HCA 2002-03\Soroka AGM Report March 2003