

Building roads requires a focused effort

Alberta has been a national leader in transportation infrastructure investment and every economic sector in our province has come closer to realizing its potential as a result. Given how vital road infrastructure is to economic growth, we cannot afford to let investment on maintenance, rehabilitation and improvements be cut or made even more unpredictable as we work to get our provincial economy back on track.

The Alberta Road Builders and Heavy Construction Association (ARHCA) is committed to providing principled and compelling solutions to ensure Alberta's road infrastructure supports a vibrant economic climate and enhances the quality of life of Albertans.

Recommendations:

The ARHCA convened a very accomplished and diverse group of advisors from the public and private sectors to form an expert advisory panel. The [Transportation Infrastructure Advisory Panel](#) worked with the ARHCA to assess road infrastructure challenges and identify policy recommendations to support long overdue improvements. The ARHCA is advocating the following recommendations for the Alberta government.

- 5.1 Optimize Alberta's existing road infrastructure and effectively use asset management systems to inform decision making.
- 5.2 Develop a transparent, evidence-based prioritization system to establish road infrastructure project priorities.
- 5.3 Establish reliable funding for road infrastructure maintenance and renewal by legally committing 1%-2% of asset value for asset maintenance and preservation.
- 5.4 Explore and consult with Albertans to assess alternative road infrastructure investment mechanisms and funding models.
- 5.5 Encourage greater private sector participation in project delivery.

New ways to plan, fund and operate our roads

The ARHCA has faith in the province of Alberta. If we want our economy to grow again, we have to deliberately commit to a growth plan. This will require additional and improved transportation infrastructure including municipal roads, highways, overpasses, and bridges to sustain economic and social benefits for Albertans.

Public funding for roads has faced serious challenges in recent decades as the various levels of government

have struggled to satisfy increasing demands with limited resources. Investment in the maintenance and rehabilitation of our road infrastructure is declining when it is desperately needed. Unfortunately, at a time when we should be investing in our roads, the province has reduced its commitment to planned road and bridge maintenance and renewal by 29% or \$484 million.

While it has always been important to make those investments with proper deliberation, oversight, and innovation to maximize returns for taxpayers, the prolonged fiscal challenges we face provincially make smarter planning more important than ever.

Alberta needs to first ensure we are effectively maintaining existing assets. Then develop a transparent, objective prioritization framework, and ensure dedicated, predictable funding is in place to support the maintenance, renewal, and new infrastructure we need for a vibrant province.

Proper maintenance and renewal now saves taxpayers an incredible amount of money, which in turn makes future investments affordable. Consider that general upkeep of a kilometer of road costs about \$3,000, but if the road needs rehabilitation the cost jumps to \$200,000 per kilometer, and when it requires reconstruction the cost can skyrocket to \$850,000 per kilometer.

**Capital Maintenance and Renewal -
Roads and Bridges (millions of dollars)**

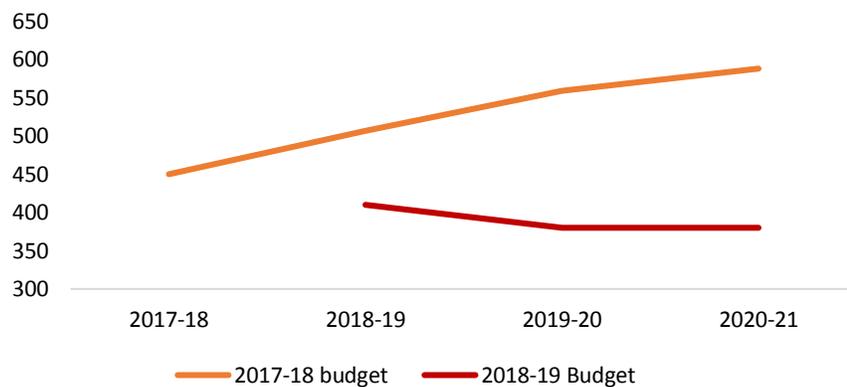
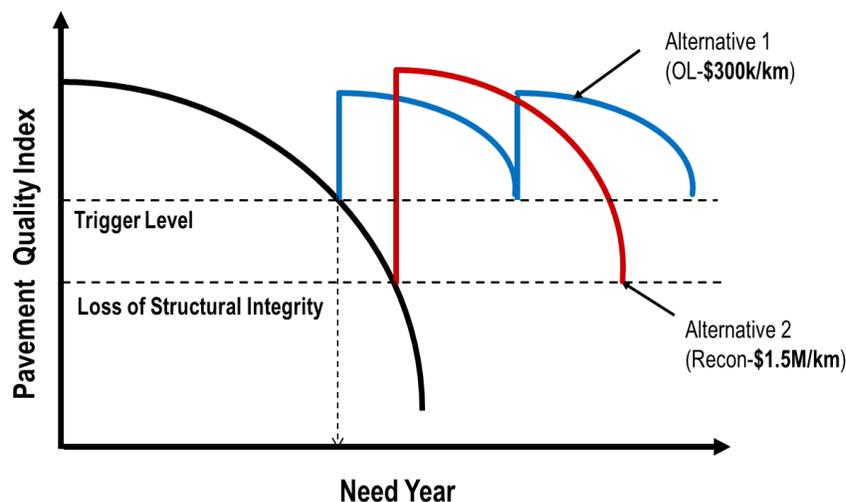


Figure 1: Government of Alberta, 2017-20 Fiscal Plan and 2018-21 Fiscal Plan

Ongoing underfunding of road rehabilitation and maintenance will continue to contribute to the decline in Alberta's roads and increased costs to taxpayers. With 43% of Alberta's highways in poor or very poor condition, Alberta needs to adopt the industry standard of investing a minimum of 1-2% of asset value towards maintenance.

This represents a commitment of between \$700 million and

1.4 billion dollars - double current funding levels. By legislating this financial commitment, the provincial budget will always have funds earmarked for servicing and maintaining the backbone of our economy.



The continued degradation of our road network will ultimately put pressure on future capital budgets to address these short-sighted decisions. Precisely because of our fiscal situation, we cannot afford to let maintenance of our road network continue to be under-resourced and ineffectively delivered. Limited transportation dollars will provide greater benefits by establishing an objective system of prioritization that balances existing community needs and future economic drivers.

Predictable funding is vital not only to ensure the resources are there but so that municipalities and private sector partners can maximize efficiencies with multi-year business planning. Predictability would be enhanced if there were a standardized formula or other streams for funding besides the amount revealed in the annual spring budget. This problem is addressed in other jurisdictions by infrastructure banks, different forms of user-pay in certain cases, capital bonds, or a more explicit dedication of gas taxes, vehicle registration, or other transportation-related revenue sources.

Government needs to explore these alternatives and consult with Albertans and stakeholders in other sectors on what funding mechanisms Alberta might use. When we leave core road infrastructure funding to compete with other interests every budget season, uncertainty and unpredictability compromise our ability to build and maintain this critical network effectively. Wild swings in capital spending are wasteful and costly to Albertans.

Alberta needs to be more open and creative in our approach to procurement for building new roads and maintaining them to incentivize private sector innovation and reward expertise. Being more results-focused and less restrictive in regulations and process – combined with predictable funding and depoliticized prioritization - will generate more value for precious public dollars.