

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 spending on new infrastructure and maintenance 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.

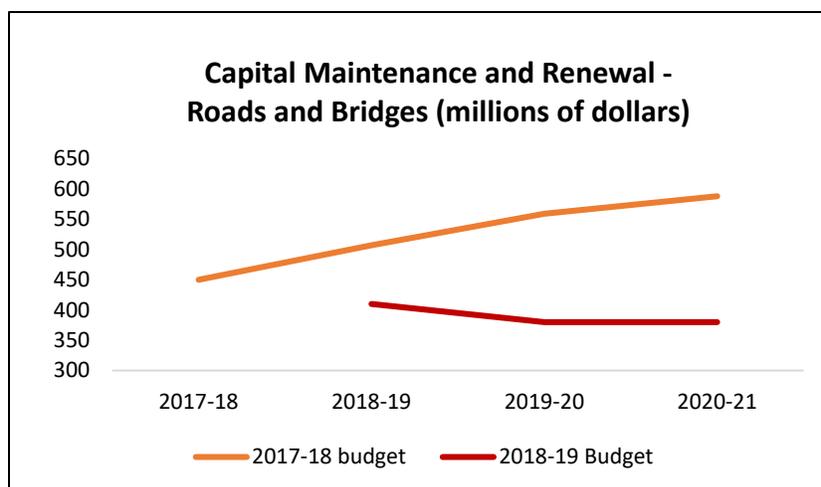
New ways to plan, fund and operate our roads

Alberta is a growing province, and we need to plan for our future population and economic growth. 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. Yet provincial 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 using and maintaining existing assets, then develop a transparent, objective prioritization framework, and then 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.

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 long-range 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 provinces 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 tools we might use. When we leave core road infrastructure funding to compete with other interests every budget season that unpredictability compromises our ability to build and maintain this critical network effectively.

Alberta needs to be more open and creative in our approach to contracting 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.

Recommendations:

The ARHCA is advocating the following recommendations for the Alberta government.

1. Optimize Alberta's existing road infrastructure and effectively use asset management systems to inform decision making.
2. Develop a transparent, evidence-based prioritization framework to establish road infrastructure project priorities.
3. Establish reliable funding for road infrastructure maintenance and renewal.
4. Explore and consult with Albertans to assess alternative road infrastructure investment mechanisms and funding models.
5. Encourage greater private sector participation in project delivery.