

Challenges and Choices

Ministry of Transportation

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Ministry of Transportation Challenges and Choices

The Ministry of Transportation is seeking input from British Columbians on how to meet the significant transportation challenges in our province.

The following is a web version of Transportation Minister Judith Reid's Power Point presentation providing background information on the importance of our transportation system, the challenges we are facing as well as discussion on options, suggestions received and choices in meeting those challenges.

Transportation Challenges and Choices in British Columbia

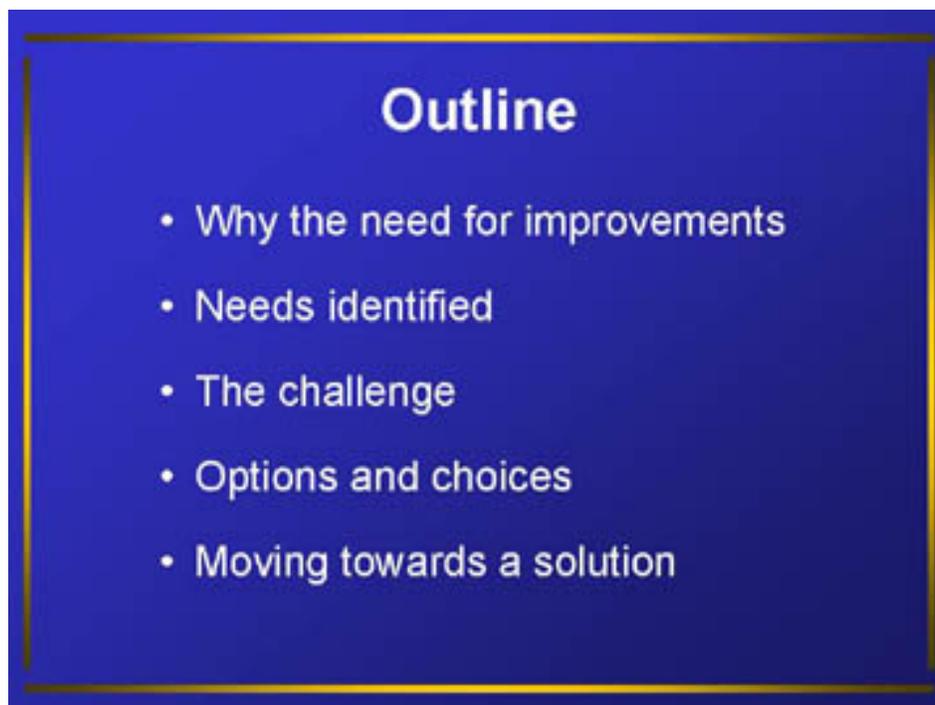
July 2002



British Columbia is a great province with rich resources, a beautiful environment and talented people. We are working to make it even better by developing and revitalizing the economy. A transportation system that

enables the safe, reliable and efficient flow of people, goods and services is vital to achieving that goal.

The diversity of our province poses difficulties for our transportation system, but it is also the source of our strengths. We are proud of our transportation system, but it faces significant challenges that I am committed to overcoming. There are choices to be made and I need your help.



I am pleased to have the opportunity to meet with you to present our challenges, some options that have been brought forward and choices that we need to make. Most importantly, I am seeking your assistance in moving towards a solution.

We are keeping the presentation short so there is lots of time at the end to hear your ideas and opinions. I look forward to hearing from you then, so keep some mental notes as we move through the presentation.

Improvements Needed - Why?



Transportation is vital to the economy and to the quality of life we enjoy.

Transportation is vital to our economy and the quality of life we enjoy. We are completely dependent upon an efficient transportation network to access our vast resources, get goods to market, send our children to school, have access to a wide array of services and encourage tourism.

You only have to experience a delay or diversion in your daily travels to appreciate how much we depend on a safe, reliable, well-maintained transportation network.

Improvements Needed - Why?...

Support competitiveness of industries.



Forestry

Tourism

Mining

Oil & Gas

Developing and revitalizing our economy is dependent on supporting the competitiveness of the industries

throughout the Province - whether they be mining, oil and gas, forestry or tourism.

Don't we all want economic development in British Columbia? To maximize the opportunities available to us, we need to make sure the support infrastructure is in place. A reliable transportation system is integral to economic development.

For example, transport trucks stopped 75% of the time in traffic congestion in the Lower Mainland or slowed due to poor road conditions in the North does not demonstrate a reliable transportation system and encourage development.

The estimated 22 million visitors from around the world that came to British Columbia last year had a significant role in the economies of all the regions in this province. International tourism has grown over 50 per cent since 1995, employs well over 100,000 people and generated \$9.2 billion in total revenue last year. There will be continued growth. The tourism industry relies heavily on the transportation system.

Improvements Needed - Why?...

Maintain competitiveness of trade gateways.

- International airports
- Seaports
- Border crossings



Our extensive highway system includes almost 42,000 kilometres of roads and 2,750 bridges, tunnels and snow sheds. They provide access to seaports, airports, railways and tourism destinations.

British Columbia is known as the 'Gateway to the Pacific'. It's the gateway to the rest of Canada, to North America and to the rest of the world.

Our four international airports, three major international seaports and border crossings all provide trade gateways to get British Columbia's goods to market - whether it is oil from the North, lumber and wood products from throughout the Province, transporting coal or bringing in tourists. These gateways benefit the entire Province, providing a competitive advantage in the world markets. Highways and bridges provide access to these gateways.

In 2001, the Vancouver International Airport provide service for:

- 15.5 million passengers
- 229,000 tonnes of cargo
- 274,400 flights

Each time a Canadian based 747 jetliner lands from Asia, it generates nearly one-person year of work.

The Port of Vancouver handles the largest volume of cargo on the west coast of North America and in Canada - \$30 billion in goods are traded annual through the Port. It is the terminus for four railway lines and provides facilities for cruise ships. Each time a container ship docks in Vancouver, it generates more than three-person years of work.



Improvements Needed - Why?...

Secure 2010 Olympics

- Economic Impact
 - up to \$10B
 - up to 228,000 jobs
- Transportation key component of successful bids.
- Improvements to Sea-to-Sky Highway needed.



British Columbia is submitting a bid for the 2010 Olympics. Experience has shown that the economic gains from hosting an event such as the Olympics adds to the tourism industry's long term growth potential. For example:

During Expo '86, British Columbia's share of total international visitors jumped from between 9.5 and 11.6 per cent to more than 17 percent and has increased every year from 12 percent in 1987 to 17.4 per cent in 2000.

Sydney, Australia increased the number of international convention bids it won by 34 per cent after it was chosen in 1993 to host the 2000 Summer Games.

In addition to the increased direct economic activity, tax revenues and direct and indirect jobs across the Province, permanent community and sports legacies will be generated.

With or without the Olympics, the Sea-to-Sky Highway between Horseshoe Bay and Whistler needs upgrading. Traffic volumes continue to increase as more tourists and others seeking recreation travel to that area of the Province. Congestion is often experienced on the southern portion of the route. Significant improvements are needed to increase reliability and capacity.

Improvements Needed - Why?...

Reduce congestion for commuters and goods.

- Lower Mainland
- Central Okanagan Valley
- Greater Victoria
- Other communities



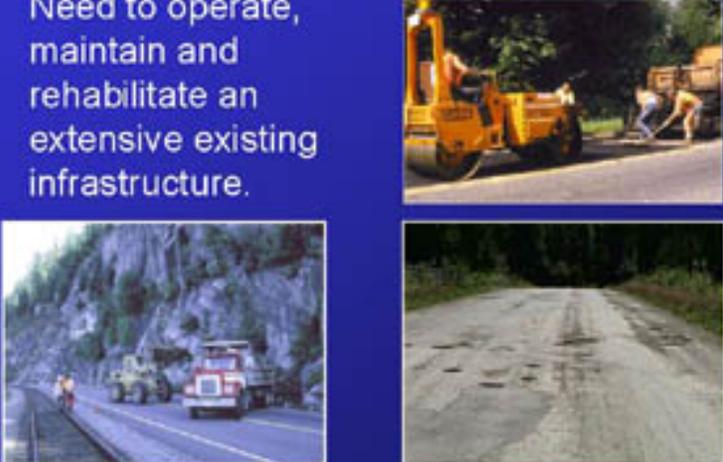
There's been a 14% increase in traffic in the Lower Mainland in the last five years, with no increase in capacity infrastructure. There's a cost to the trucking industry and it is a factor in attracting new business to British Columbia.

The Central Okanagan Valley has had a 7% increase in traffic in the last five years with no increase in capacity infrastructure.

The highway infrastructure needs to keep pace with this growth. It affects all of us.

Our needs are large...

Need to operate, maintain and rehabilitate an extensive existing infrastructure.



The collage consists of three photographs. The top right photo shows a yellow road grader working on a road surface. The bottom left photo shows a red and white truck on a road next to a rocky cliffside. The bottom right photo shows a long, straight road stretching into the distance.

It's important that we invest in maintaining our \$66.5 billion road and bridge infrastructure. Our first priority is to keep our roads safe for all users. Regular maintenance and rehabilitation makes roads safer and also protects our investment.

We're trying to address the accelerating deterioration of the Province's 30,000 kilometres of northern and rural roads by directing more of the Ministry's budget to these areas. These are important to the resource industries including mining, oil and gas, ranching, farming and logging. We need more resources if we are going to make any progress. The North has experienced severe flooding and harsh winter weather. In 2001, there was about \$25 million in damage to highway infrastructure due to floods in the Peace.

The Ministry is spending \$100 million this year alone on northern roads and is increasing its northern and rural road program by \$30 million over three years. But it's not enough to keep up. An additional \$60 million each year over the next 10 years would address the work needed.

As you can see this is one area where our needs are large but the need is much larger.

Our needs are large...
Urgent requirements over next 10 years
total over \$10B.

- Northern and rural roads restoration
- Sea-to-Sky Highway upgrades
- Trans Canada Highway Upgrades
- Highway 97 (Okanagan Valley) upgrades
- Lower Mainland Rapid Transit



These priorities have been brought forward by associations such as the Gateway Council and Peace River Rural Roads Task Force, industry, citizens and MLAs.

To meet and support our economic opportunities we need to make significantly more investment in our infrastructure.

We've estimated that over the next 10 years that need is over \$10B. It is needed to address safety, protect our infrastructure and encourage economic development.

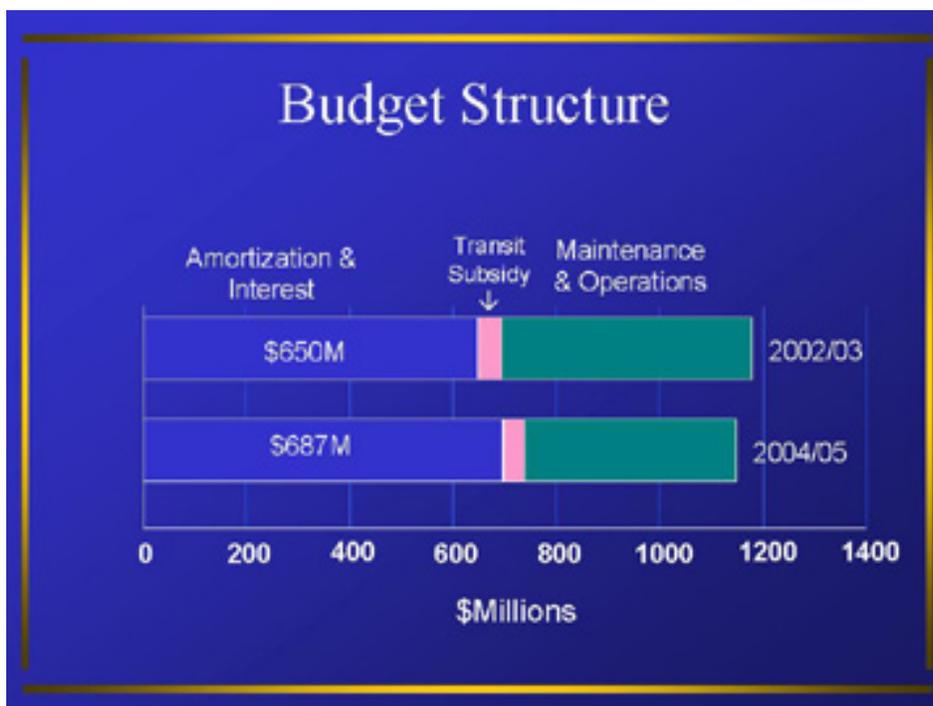
We have a huge challenge in meeting our transportation needs.



This graph shows the breakdown of the provincial budget. The people of British Columbia have expressed their desire that health and education be priorities. The government has followed through.

Government is also committed to balancing the provincial budget.

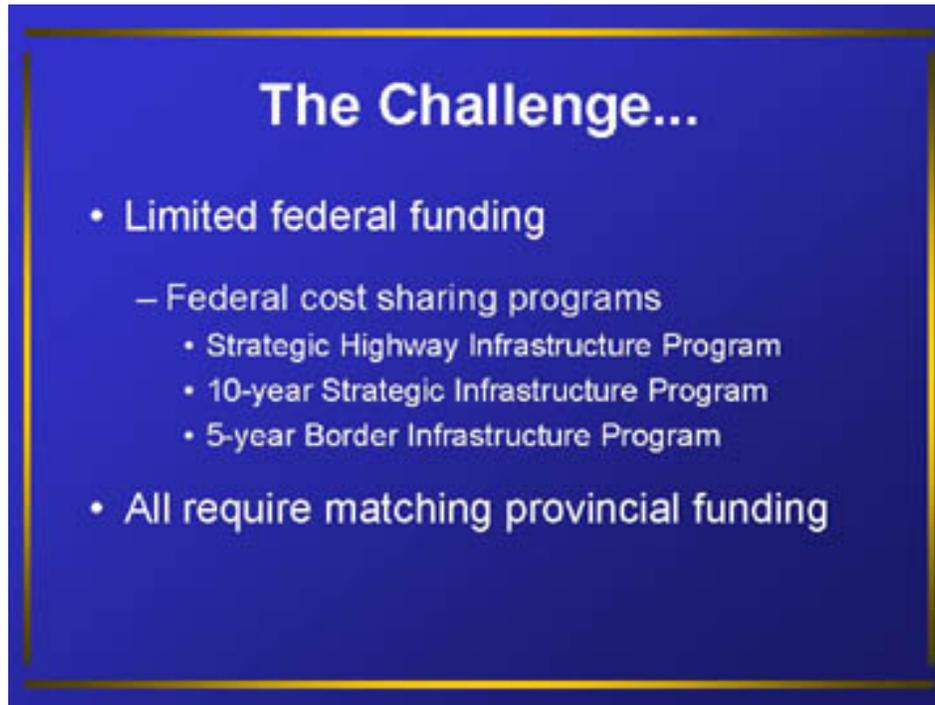
Significant government funding for transportation just isn't available. In fact, allocations to the Ministry of Transportation within the provincial budget have decreased from 12.9% of the budget in 1970/71 to 3.8% of the budget this fiscal year.



And there is no room within the Ministry of Transportation's Highways budget to provide funding to meet

significant needs. There is little funding available for highway improvements.

The Ministry has already made some hard choices in redirecting budget dollars. For example, esthetic mowing has been reduced throughout the Province to allow for about an additional \$1 million to be directed toward addressing road surface conditions. Mowing needed to maintain sight distances and sign visibility will still be done.



The Challenge...

- Limited federal funding
 - Federal cost sharing programs
 - Strategic Highway Infrastructure Program
 - 10-year Strategic Infrastructure Program
 - 5-year Border Infrastructure Program
- All require matching provincial funding

There are some opportunities for federal cost sharing programs that the Ministry has been working hard to participate in. These programs require matching provincial funding.

We have secured \$73 million in federal funding under the Strategic Highway Infrastructure Program. The Province is committing \$85 million and other funding partners including the United States, local government and the Canada Customs and Revenue Agency are contributing an additional \$6 million.

Under the multi-year programs for strategic and border infrastructure improvements, we are working to secure \$650 million in federal funding. If we are successful, it will require matching provincial dollars.

This limited federal funding will help, but not meet our needs.

Our challenge is...what solutions can we find and act on quickly to provide funding for transportation improvements.

What happens to your gas tax?

|  | <i>Collected</i> | <i>Returned to B.C.</i> |
|---|------------------|-------------------------|
| Federal | \$750M | \$2.8M or 0.37% |
| Provincial | \$733 | \$733M or 100% |

2000/01

Gas tax is another source of revenue for transportation improvements.

In British Columbia, gas tax is invested in our transportation system. However, only a very small portion of federal tax dollars are returned to the Province. Of the \$750M collected in federal gas taxes in 2000/01, only \$2.8M or 0.37% is provided for transportation improvements.

I have met with federal Transport Minister David Collenette and others to secure additional federal funding. Although I haven't been successful yet, I will keep trying at every opportunity.

Options to consider...

- No change - immediate safety priorities and maintenance only
- Public-Public Partnerships
- Public-Private Partnerships (P3s)
- Seek other sources of revenue
 - generate additional provincial revenue

It comes down to listing options and making choices.

I present some to you for your consideration and feedback. I also hope they will help you to think of other options.

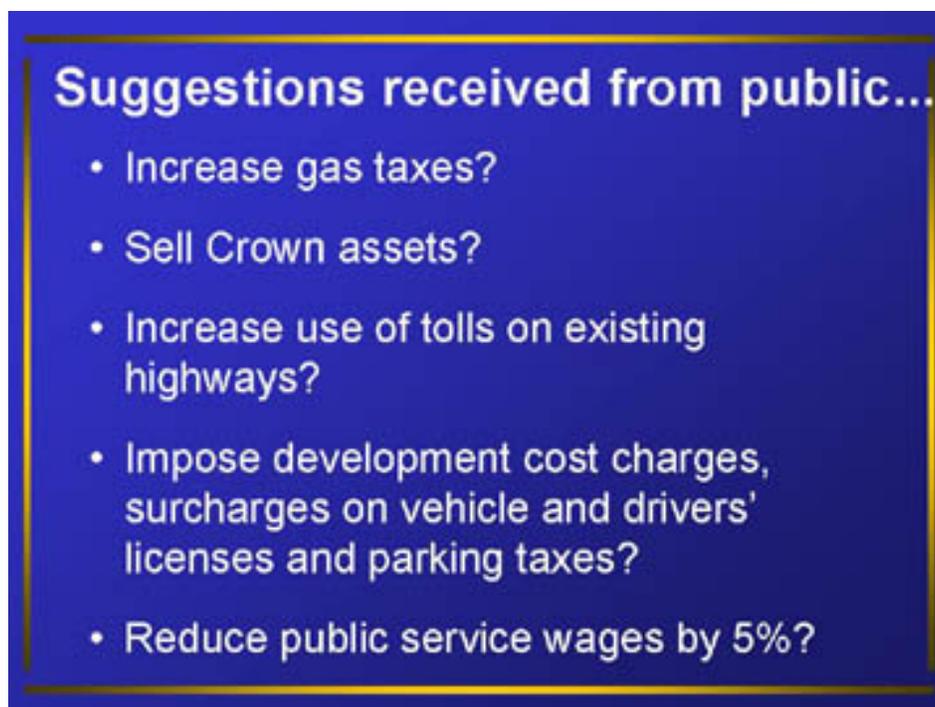
The first option is to maintain the status quo and change nothing. It's always a choice.

There are already some Public-Public Partnerships in place with the federal government and other levels of government to put our dollars together to get the most benefit. We're looking for funding partnerships with other authorities such as the Vancouver Airport and TransLink.

With the greatly improved investment climate in British Columbia the way has been opened for Public-Private Partnerships. Private investors are approaching the Province. It is an opportunity to improve our infrastructure and promote economic growth while benefiting from their expertise.

There have been two recent P3 conferences in Vancouver that attracted attendance from across North America and other corners of the world. The potential for these types of partnerships is significant. Legislation has been introduced to provide a framework for P3s.

Another option we could consider is seeking other sources of revenue within the Province.



As I've been speaking to people around the Province, they've been passing along their ideas to me. I itemize them for discussion. I want to hear your opinions and I hope you can add to the list.



I've shared a vision today of what is needed to provide the infrastructure that will address safety, reliability, protection of our existing infrastructure as well as encouraging and accommodating economic growth.

It's our problem - a provincial problem - and we all need to share in the solution. We need to consider all options carefully.

Over the next couple of months, I will be touring the Province seeking feedback and ideas.

I will be attending the Provincial Congress in September, which will provide an opportunity for further discussion of this provincial challenge among all levels of government.

Most importantly, I look forward to hearing from you in the near future. To provide a means for receiving your ideas and opinions, the Ministry has set up a link to a mailbox through its Internet Web site. Just look for "Transportation Challenges and Choices". I encourage you to use it. My staff and I would be pleased to provide you with a business card with the address to take away with you. A copy of this presentation is also posted on the Web site.

I would like to take this opportunity now to hear any ideas or opinions that may have come to mind during the presentation, or that you may have been already thinking about. I'm sincerely interested in hearing them and adding to the list of options I already mentioned.

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Your input on meeting our transportation challenges can be e-mailed to:

TRANSPORTATIONCHALLENGES.INPUT@gems6.gov.bc.ca

or mailed to:

Transportation Choices and Challenges

c/o Minister of Transportation

PO BOX 9055

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