

# Public investment builds private benefits

BY PHILIP HOCHSTEIN



**P**ublic infrastructure is about so much more than new highways and hospitals and university buildings. It's about more than making sure bridges and dams and public schools are ready for the next earthquake.

The magic of public infrastructure is the whole is equal to more than the parts. Our public infrastructure is the foundation of our prosperity as a province and the quality of life for British Columbia's families. It's so much more than the jobs created building these projects.

Simply put, it builds our economy and our industry.

Roads and bridges are more than ways of getting people from Point A to B. They are the life-lines of commerce and industry. Like all public infrastructure, the transportation network creates a foundation used by private sector investment to generate wealth, protect and create jobs, and provide the kinds of services that make British Columbia the place where so many people want to live. And that private sector investment needs construction.

That's why it's so important that government avoid the temptation to scale back their capital spending on these projects in tough budgetary times. It may look like the easiest way to balance

the budget is to slash spending on infrastructure. The truth is it is the worst place for government to find money.

## Why B.C. needs infrastructure

Our province has come to the point where we face crucial requirements for both types of public infrastructure — social and economic.

Social infrastructure is made up of hospitals and schools and the demand is being driven by a number of factors: our growing and aging population; B.C.'s failure to maintain and rehabilitate existing assets; and the heavy demand for seismic upgrades to schools and other assets.

On the economic side, demand for new infrastructure is driven by B.C.'s strong growth over the past decade, a growing opportunity to expand the export of B.C.'s and Canada's products to Asia and to the United States, and the growing need for greener transportation options.

Deferring is not an option. NDP governments failed to spend on infrastructure in the past — and since 2001 we have been playing catch-up in trying to erase the infrastructure deficit they left behind. In order to meet these challenges, the province must have the commitment and the ability to fund an adequate capital spending

budget for infrastructure. This is fundamental to the prosperity and well-being of our industry and our province.

## How to pay for public infrastructure

In the first decade of the 21st Century, capital spending by the provincial government averaged \$4 billion per year. When the financial crisis and recession hit in 2008, this spending was ramped up — and it played a critical role in providing economic stimulus. Capital spending averaged almost \$7 billion between 2008/09 and 2010/11.

Current capital spending plans by Victoria average about \$6.2 billion for 2011/12 through 2013/14.

How much is enough? Like all matters in the public sphere it is a matter of choice. If British Columbians and their government want to meet our infrastructure needs and continue stimulating B.C.'s economy, the \$6 billion level of capital investments should at the very least be maintained, if not increased.

British Columbia can do what may seem impossible at first glance — maintaining our job-creating infrastructure investments while moving the provincial budget back into the black.

The simple truth is that credit rating agencies see the debt associated with public infrastructure investments the same as borrowing money for operating costs. B.C.'s current fiscal plan — with its \$6 billion in infrastructure investments — passed their test, and the provincial government maintained its AAA credit rating.

B.C. needs to take its debt and deficit situation seriously. A credit downgrade of just one step would raise interest costs by between \$25 million and \$50 million a year. That is enough to wipe out major projects like the Shuswap Lake General Hospital renovation or the St. Mary's Hospital Expansion.

### Building for B.C.'s future

British Columbia cannot afford to balance its budget by reducing its capital infrastructure investments. Money saved today would be far out stripped by the investments and benefits lost in the near future. We would lose the ability to increase our revenues and pay for future spending to support our social and infrastructure needs.

For the good of our province B.C. must continue with an aggressive economic and social infrastructure program to meet our urgent needs. **CB**

Philip Hochstein is president of the Independent Contractors and Businesses Association of B.C.

# Dual MECHANICAL LTD.

Phone 604.576.2739

Fax 604.576.4739 | Email info@dualmechanical.com  
#208 - 19232 Enterprise Way, Surrey, B.C.

Dual Mechanical Ltd. offers full design build services for complete mechanical systems for commercial and institutional projects.

We have been serving the mechanical industry for 33 years and are a Gold Seal Certified Company.



PLUMBING | HEATING | VENTILATION | AIR CONDITIONING | FIRE PROTECTION

## We are proud to be members of ICBA and Merit Contractors Association.

**Allwest**  
ELECTRIC LTD.

**Allwest  
Electric Ltd.**

#2-169 Golden Drive  
Coquitlam, BC  
V3K 6T1

Ph: [604] 464-6200  
Fx: [604] 464-6209

GRAND WEST ELECTRIC LTD.

**GWE**

**Grand West  
Electric Ltd.**

2447-42 Avenue NE  
Calgary, AB  
T2E 8A3

Ph: [403] 291-2688  
Fx: [403] 291-2689