



CANADIAN STRATEGIC INFRASTRUCTURE FUND

Kicking Horse Canyon
Project (Phase 2)

ANNUAL REPORT 2007/08

(FISCAL YEAR ENDED MARCH 31, 2008)

August 2008

Canada

**Transport Canada
Infrastructure Canada**


**BRITISH
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Ministry of
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An annual progress report is required under sections 7.3 and 9.1 of the CANADA – BRITISH COLUMBIA CANADA STRATEGIC INFRASTRUCTURE FUND AGREEMENT FOR KICKING HORSE CANYON PROJECT Agreement. This report is used to provide the Management Committee with information regarding the status of projects and to formally track progress to date under the agreement. The report will also likely be translated and posted on Transport Canada’s web site for public use.



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GENERAL OVERVIEW OF RESULTS

A general overview of the results accomplished under the Agreement during the fiscal year, including but not limited to a description of the work completed, financial results, environmental issues, any concerns affecting progress of the Program, and any other issues that may affect completing the Program as per this Agreement.

This project (PHASE 2) was constructed in a public-private partnership by Trans-Park Highway Group as part of Phase 2 of the Kicking Horse Canyon Project.

This project entailed the realignment and reconstruction of 5.8 kilometres (new 4-lane highway and related improvements) of the Trans-Canada Highway and replacement of the Park (also known as 10 Mile Bridge) Bridge in the Kicking Horse Canyon, British Columbia. The new Park Bridge will be approximately 400 meters long and 90 meters high. On March 5, 2003, the Government of Canada announced \$62.5 million under the Canada Strategic Infrastructure Fund (CSIF) for this project. The total capital cost of the project is estimated at \$130 million.

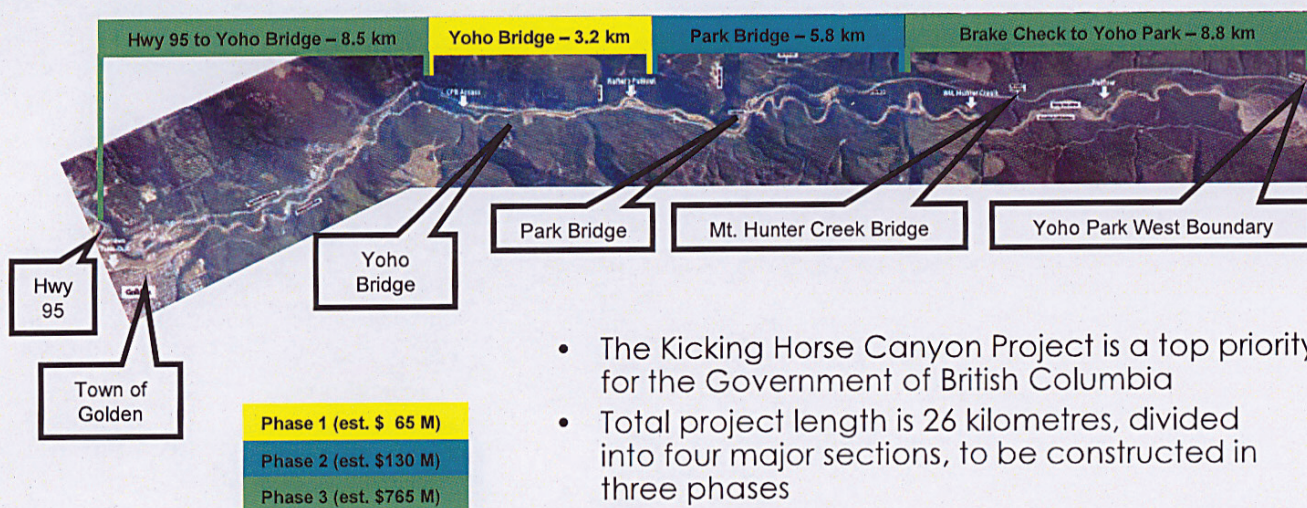
Of the four crossings through the Rocky Mountains, the Kicking Horse Canyon is the most heavily travelled. It is the most direct connection between Calgary, Alberta and Vancouver and provides Western Canada with access to the Port of Vancouver. Upgrading this section of the TCH will provide a roadway that is consistent with national transportation standards of safety, operation and efficiency, which will produce significant benefits to the road users.

In recent years, the Governments of Canada and British Columbia have reconstructed a section of the TCH in the Kicking Horse Canyon to a national standard (PHASE 1). Under the Strategic Highway Infrastructure Program (2002-2008), 3.1 kilometres of the Trans-Canada Highway has been upgraded to four lanes and the Five Mile (Yoho) Bridge was replaced. With the CSIF funding, this section (PHASE 2) of this substandard road will be upgraded to present day standards.


The following maps also provide an indication of remaining work (PHASE 3 and PHASE 4) to raise the entire 26.1 kilometre of the Kicking Horse Canyon to a national standard.



Project Overview



- The Kicking Horse Canyon Project is a top priority for the Government of British Columbia
- Total project length is 26 kilometres, divided into four major sections, to be constructed in three phases
- Two phases are currently funded for construction
- Total cost is estimated at \$960 million, shared with the Government of Canada



As of the end of the fiscal year 2007/08 (ending March 31, 2008) the status of the project including environmental assessment and audits were as follows:

- The approval of the environmental review (CEAA) was given by Transport Canada on June 14, 2005.
- Project completed on schedule in the summer of 2007.
- Overall, as of the end of the fiscal year 2007/08, 8 contracts corresponding to the 8 Milestones had been established on HIGHWAY CONTRIBUTION MANAGEMENT SYSTEM (HCoMS) for a total cost of \$126,834,000 out of the same HCoMS-active sharable cost. A total of \$123,781,076 has been expended plus \$3,052,920 in accruals (PAYE) against these 8 milestones (100% of the existing value of the 8 contracts), with:
 - 2005/06 Fiscal Year = \$25,022,996
 - 2006/07 Fiscal Year = \$74,071,521
 - 2007/08 Fiscal Year = \$24,686,559 (+\$3,052,920 of accruals/PAYE)

DATE, LOCATION AND MINUTES OF OFFICIAL MANAGEMENT COMMITTEE MEETINGS

■ Minutes of Meeting

October 29, 2007

Canada-British Columbia

Canada Strategic Infrastructure Fund (CSIF) Kicking Horse Canyon Project

Teleconference

■ In Attendance:

David Marr, (Provincial Co-Chair, BC Ministry of Transportation)

Murray Tekano, (Director, Project Director, Kicking Horse Canyon Project)

Jim Lothrop (A/Federal Co-Chair)

Kim Aziz, (Manager, Highways Program Manager, Transport Canada)

James Clarkin (Transport Canada)

1.0 Opening Remarks – Introductions

2.0 Administrative Details

2.1 Note taker – Kim Aziz was designated the Note Taker.

2.2 Minutes of the October 5, 2006 Management Committee Meeting were accepted and approved

3.0 CSIF Program Management

3.1 The I.E. report is completed. TC to receive report and invoice within the next couple of weeks.

3.2 Still waiting for concessionaire to address DFO concerns on previous mitigation. Amended screening report for the removal of the existing bridge has been signed by DFO and requires TC and INFC approval.

4.0 Other Items

Communications – announcement of completion of the project could be combined with any new announcements with regard to future funding.

Project will wrap up in January 2008.

SCHEDULE "B" REVISIONS:

Please refer to Table 1 outlining the evolution of Schedule B during the first fiscal year. Table 2 (Statement of Changes) calculates the cash flow and budget changes across revisions.

Revision 4. (April 11, 2007) – Last Revision of the 2006/07 Fiscal Year.

Revision 5. (November 1, 2007) – This revision has traditionally been conducted at the request of Transport Canada for HCOMS (Transport Canada on-line administration system) to open the next year after the Annual Report has been approved by Transport Canada. This revision also entailed the following changes as the project was completed:

- Due to efficiencies in construction, advancing \$130,670 in the General Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year;
- Due to efficiencies in construction, advancing \$30,421 in the Design and Approval Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year;
- Due to efficiencies in construction, advancing \$298,332 in the Highway Construction Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year;
- Due to efficiencies in construction, advancing \$1,136,525 in the Construction Engineering Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year;
- Due to efficiencies in construction, advancing \$192,844 in the Finishing Works Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year; and,
- Due to efficiencies in construction, advancing \$398,967 in the Demolition and Removals Milestone from the 2008/09 fiscal year to the 2007/08 fiscal year.



Table 1

Schedule B during the Fiscal Year 2007/08 (As of April 1, 2008)

Revision #4 11-Apr-07 (Last Revision in 2006/07 Fiscal Year)	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
				Federal	Provincial						
Revision #4 11-Apr-07 (Last Revision in 2006/07 Fiscal Year)	Milestone 1: General	\$9,190,000	\$9,190,000	\$4,530,000	\$4,660,000	\$-	\$7,665,269	\$1,140,556	\$253,506	\$130,670	
	Milestone 2: Design and Approval	\$5,561,000	\$5,561,000	\$2,740,000	\$2,821,000	\$-	\$3,136,269	\$1,959,658	\$434,654	\$30,421	
	Milestone 3: Highway Construction	\$53,468,000	\$53,468,000	\$26,347,000	\$27,121,000	\$-	\$8,585,434	\$37,456,816	\$7,127,419	\$298,331	
	Milestone 4: Bridge Structure	\$34,200,000	\$34,200,000	\$16,853,000	\$17,347,000	\$-	\$2,700,269	\$22,738,557	\$8,761,174		
	Milestone 5: Retaining Wall	\$1,810,000	\$1,810,000	\$892,000	\$918,000	\$-	\$-	\$1,691,657	\$118,343		
	Milestone 6: Construction Engineering	\$17,127,000	\$17,127,000	\$8,440,000	\$8,687,000	\$-	\$2,335,486	\$8,677,168	\$4,977,821	\$1,136,525	
	Milestone 7: Finishing Works	\$4,273,000	\$4,273,000	\$2,105,000	\$2,168,000	\$-	\$600,269	\$344,556	\$3,135,331	\$192,844	
	Milestone 8: Demolition and Removals	\$1,205,000	\$1,205,000	\$593,000	\$612,000	\$-	\$-	\$62,557	\$743,477	\$398,967	
Revision #5 01-Nov-07	Total	\$126,834,000	\$126,834,000	\$62,500,000	\$64,334,000	\$-	\$25,022,996	\$74,071,525	\$25,551,725	\$2,187,758	\$-
	Milestone 1: General	\$9,190,000	\$9,190,000	\$4,530,000	\$4,660,000	\$-	\$7,665,269	\$1,140,556	\$384,176		
	Milestone 2: Design and Approval	\$5,561,000	\$5,561,000	\$2,740,000	\$2,821,000	\$-	\$3,136,269	\$1,959,658	\$46,075		
	Milestone 3: Highway Construction	\$53,468,000	\$53,468,000	\$26,347,000	\$27,121,000	\$-	\$8,585,434	\$37,456,816	\$7,425,751		
	Milestone 4: Bridge Structure	\$34,200,000	\$34,200,000	\$16,853,000	\$17,347,000	\$-	\$2,700,269	\$22,738,557	\$8,761,174		
	Milestone 5: Retaining Wall	\$1,810,000	\$1,810,000	\$892,000	\$918,000	\$-	\$-	\$1,691,657	\$118,343		
	Milestone 6: Construction Engineering	\$17,127,000	\$17,127,000	\$8,440,000	\$8,687,000	\$-	\$2,335,486	\$8,677,168	\$6,114,346		
	Milestone 7: Finishing Works	\$4,273,000	\$4,273,000	\$2,105,000	\$2,168,000	\$-	\$600,269	\$344,556	\$6,114,346		
	Milestone 8: Demolition and Removals	\$1,205,000	\$1,205,000	\$593,000	\$612,000	\$-	\$-	\$62,557	\$1,142,444		
Revision #5 01-Nov-07	Total	\$126,834,000	\$126,834,000	\$62,500,000	\$64,334,000	\$-	\$25,022,996	\$74,071,525	\$27,739,484	\$-	\$-

Statement of Changes for 'Schedule B' during the Fiscal Year 2007/08 (Year Ending March 31, 2008)

Revision #4 to Revision #5	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
				Federal	Provincial						
	Milestone 1: General	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$130,670	(\$130,670)	
	Milestone 2: Design and Approval	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$30,421	(\$30,421)	
	Milestone 3: Highway Construction	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$298,331	(\$298,331)	
	Milestone 4: Bridge Structure	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	
	Milestone 5: Retaining Wall	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	
	Milestone 6: Construction Engineering	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,136,525	(\$1,136,525)	
	Milestone 7: Finishing Works	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$192,844	(\$192,844)	
	Milestone 8: Demolition and Removals	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$398,967	(\$398,967)	
	Total	\$-	\$-	\$-	\$-	\$-	\$2-	\$-	\$2,187,758	(\$2,187,758)	\$-

PROJECT UPDATE

- Information on contracts started/completed and estimated completion of contracts is addressed more extensively in a subsequent section of the report “A YEAR END SUMMARY TABLE OF EXPENDITURES UNDER THE AGREEMENT” (Table 3). However, it is important to mention that there are no major anomalies from forecasts earlier in the fiscal year 2007/08.
- The most significant milestones for the 2007/08 fiscal year was the in-service status of the project by the Summer of 2007.
- The following pages of the report entail a series of photographs for the current project and are meant to provide not only a portrayal of the actual project, but also a broader geographic and topographical context, and as such some pictures are overviews.
- The following link provides further information that is continuously updated and is available to the public in the period between the publication of the requisite Annual Reports and Audits:
<http://www.th.gov.bc.ca/kickinghorse/index.htm>
- Real Time data and updates are available at the following website:
<http://www.earthcam.com/clients/britishcolumbia/>

PROJECT OVERVIEW: HIGHWAY 1: PARK BRIDGE AND NEW 4-LANE REALIGNMENT (TEN MILE BRIDGE)

Work accomplished:

The following are activities completed from the end of the fiscal year 2006/07 to the summer of 2007:

- Bridge Deck Constructed
- Paving Completed
- Electrical Work Completed
- Geotechnical Work Completed
- Rest Area Completed

Spring 2007

The following two pictures provide an overview of the project at the end of the fiscal year.



Summer 2007

First day of paving bridge, July 17, 2007



Bridge Parapets



Rest Area looking down from bridge



West side of Bridge



A truck on the former highway taken from the new bridge



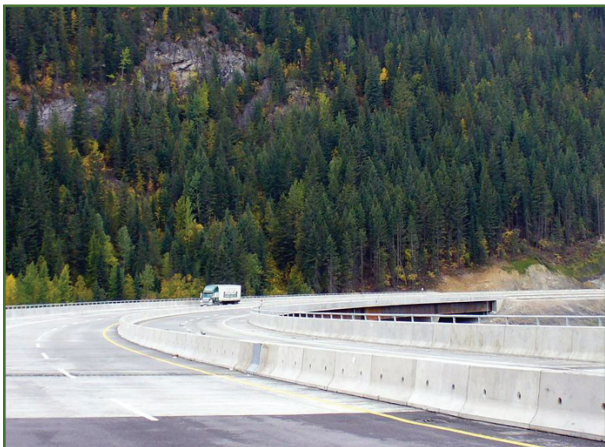


The following pictures provide a context of the previous infrastructure relative to the new facility.

New Ten Mile Bridge as seen from the Rest Area



Removal of Old Ten Mile Bridge



New Ten Mile Bridge, looking west



Old Ten Mile Bridge



New Ten Mile Bridge



Old Ten Mile Bridge Removal



*New Ten Mile Bridge
Expansion Joint*



Cut east of 10 Mile Bridge





10 Mile Hill Brake Check



View of Railway (CPR) below and old Highway 1 alignment (top) from new 10 Mile Bridge



The following pictures relate to the completed Park Bridge and Approaches project.



As of the 2007/08 fiscal year end, the project was completed and in-service (as of August 31st 2007). The Concessionaire will return to complete warranty work on some slopes and one shoulder failure area. Concessionaire must also complete replacement avalanche mitigation structure caused by design error. Work scheduled to start September 2008 with a November 2008 completion. Final completion documents exceed the 65% receipt level. Final completion expected this November upon completion of warranty work and new avalanche fence.

OVERVIEW OF ALL KICKING HORSE CANYON CORRIDOR PROJECTS

The following is provided as a context to the status of all the projects for this section of the Trans-Canada Highway (please refer to map on page 2).

- Phase 1 Yoho Bridge and Approaches (Five Mile). This federal-provincial cost-shared project was substantially completed in the 2006/07 fiscal year. As of the end of the fiscal year 2007/08 all work is completed and all claims settled.
- Phase 2 Rafters to Brake Check (Ten Mile): Substantial completion reached August 31, 2007. Final completion by Concessionaire expected November 2008 upon completion of warranty work and new avalanche fence.
- Phase 3: Brake Check to Yoho Park segment: Design completed. Property agreements negotiated. CEAA signed by Transport Canada. Tender advertised. Scheduled tender opening August 28, 2008. Construction to start late September 2008. Completion March 31, 2011.
- Phase 3: Golden Hill to West Portal segment: Preliminary design completed. CEAA screening underway. Property appraisal on-going. Scheduled to begin procurement 2010.
- Phase 4 – Preliminary Design Complete. Federal funding commitment to be finalized.



COMMUNICATION ACTIVITIES COMPLETED DURING FISCAL YEAR

The only communication activities during the 2007/08 fiscal year were the following press releases:

August 30, 2007 News Release (CSIF)

NEW PARK BRIDGE OPENS AT KICKING HORSE CANYON

GOLDEN – The new Park Bridge along the Trans-Canada Highway in Kicking Horse Canyon has been completed ahead of schedule, announced Premier Gordon Campbell, Kootenay-Columbia MP Jim Abbott, on behalf of the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and Transportation Minister Kevin Falcon.

"The Kicking Horse Canyon portion of the Trans-Canada Highway is a vital gateway to British Columbia, and upgrading this key route has been our number 1 transportation priority," said Premier Campbell. "This fantastic new bridge and its approaches are a great example of the federal and provincial governments working together with the private sector. This historic section of highway is now safer and allows traffic to flow more smoothly."

"This is a great day for the people of Golden and surrounding areas," said Abbott. "With the new bridge and highway upgrades, we can be confident that the safety and efficiency of this important corridor have been substantially improved for the thousands of motorists who use it every day."

"The opening of this new bridge marks another milestone in the development of British Columbia's key trade corridors," said Cannon. "In addition to improving safety and easing traffic congestion, the resulting economic benefits and environmental improvements will have a positive impact on local communities and on the entire region."

Constructed under Phase 2 of the Kicking Horse Canyon Project, the Park Bridge is a 405-metre span featuring five piers reaching up as high as 90 metres. Approaches to the bridge and realignment of more than five km of new four-lane highway east of Golden have also been completed. The rest of the Phase 2 work will be completed in January 2008.


Under a partnership agreement, the Government of Canada provided up to \$62.5 million and the Province of British Columbia was responsible for the remaining funding to complete the \$130-million Phase 2 project. The federal contribution to Phase 2 comes from the \$4-billion Canada Strategic Infrastructure Fund, which supports large-scale projects of major national and regional significance in areas that are vital to sustaining economic growth and supporting an enhanced quality of life for Canadians.

The provincial contribution to Phase 2 is part of British Columbia's three-year, \$2.3-billion transportation investment plan.

Through a public-private partnership with the Province, the Trans-Park Highway Group contributed funds to the Kicking Horse Canyon Project and is responsible for its design and construction. It will maintain the highway for the next 25 years.

"This performance-based contract has provided great value for taxpayers by combining stunning design work and top-notch construction along a very problematic segment of the Trans-Canada Highway," said Falcon. "I'm delighted that the project is on budget and that the new Park Bridge is open to traffic several months ahead of schedule."

"We are absolutely thrilled to have played a role in completing this very demanding component of the project safely and ahead of schedule," said John McArthur, president of the Trans-Park



Highway Group. "This is one of the most demanding stretches of highway anywhere, and our team has been able to open the road to motorists sooner than expected. It speaks to the power of partnerships and what the public and private sectors can do when we combine expertise from both sides."

The first phase of the Kicking Horse Canyon Project, completed in 2006, replaced the pre-existing Yoho Bridge and upgraded three km of the Trans-Canada Highway to a four-lane, 100 km-per-hour standard. The federal government committed \$20.8 million toward the first phase of the project, with \$43.4 million provided by the Province of British Columbia.

The \$765-million Phase 3 is a longer-term endeavour, involving complex upgrading of approximately 17 km of the Trans-Canada Highway to four lanes. This upgrade will include roadway realignment to improve traffic operations and safety, and the reduction of rock fall hazards from Golden to Yoho National Park. The B.C. Ministry of Transportation completed conceptual planning studies in 2004 and preliminary engineering studies are underway. Completion of Phase 3 of the project is contingent on future federal cost-sharing with the Province.

The following press release is for a section of the Trans-Canada Highway that is adjacent to this recently completed project, and is an indication of the commitment of both the Federal and Provincial Governments to improve the national corridor through the Kicking Horse Canyon.

November 6, 2007 News Release (CSIF)

CANADA SUPPORTS KICKING HORSE HIGHWAY IMPROVEMENTS IMPROVEMENTS PART OF INFRASTRUCTURE FRAMEWORK AGREEMENT

GOLDEN – The governments of Canada and British Columbia today announced improvements to the Trans-Canada Highway through the Kicking Horse Canyon as a priority for funding under Building Canada, the Government of Canada's new long-term infrastructure plan. The Governments of Canada and British Columbia also announced the signing of a Framework Agreement worth over \$2.2 billion under Building Canada.

The Right Honourable Stephen Harper, Prime Minister of Canada, along with the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, British Columbia Premier Gordon Campbell and the Honourable Kevin Falcon, Minister of Transportation for British Columbia, made the announcement today.

"Highway improvements through the Kicking Horse Canyon will ensure a safer and more reliable highway for people who use this key corridor," said Minister Cannon. "These improvements and the signing of a framework agreement between Canada and British Columbia exemplify what Building Canada is all about – ensuring that all Canadians have modern, safe and efficient infrastructure."

"Improving the Trans-Canada Highway through the Kicking Horse Canyon continues to be one of our top transportation priorities," said Premier Campbell. "Cost-sharing with the Government of Canada enables us to proceed with upgrades to strengthen, straighten, and widen this stretch of highway, improving safety for all motorists."

"The Trans-Canada Highway is B.C.'s gateway to the rest of the country, and it is a vital link for transporting commercial goods and for tourism," said Minister Falcon. "These upgrades will continue to improve the safety and the efficiency of this critical trade corridor."

As part of the improvements to the Trans-Canada Highway through the Kicking Horse Canyon, the Government of Canada will fund up to one-half of eligible costs, to a maximum of \$64.2 million. The total estimated cost of these improvements is \$134.5 million. The Province of British Columbia is contributing \$70.1 million.

The improvements to the Trans-Canada Highway through Kicking Horse Canyon funded under this announcement will include the construction of approximately 12 kilometres of twinned highway, delivered under two components. The first component, located on the east end, involves the upgrade of the highway from 10 Mile Hill, near the location of the commercial vehicle brake check, east to the boundary of Yoho National Park. The second component, located on the west end, involves upgrading the Trans-Canada Highway from the Highway 95 junction in Golden east towards the future 'West Portal,' the term for the proposed tunnel entrance. Works undertaken as part of this initiative will improve safety, strengthen Canada's Asia-Pacific Gateway and Corridor, and support tourism in the area.

Federal financial support for highway improvements through the Kicking Horse Canyon is conditional on the initiative meeting all applicable federal eligibility requirements under Building Canada flowing from a full federal due diligence review of this project, completion of environmental assessments required under the Canadian Environmental Assessment Act, and the signing of all necessary agreements for the initiative.

Through its unprecedented \$33-billion Building Canada infrastructure plan, the Government of Canada will provide long-term, stable and predictable funding to help meet infrastructure needs across Canada. Building Canada will support a stronger, safer and better country.



A YEAR END SUMMARY TABLE OF EXPENDITURES UNDER THE AGREEMENT

Please refer to Table 3 for complete details on year-end expenditures against existing contracts in HCoMS, as of March 31, 2008, for each of the respective milestones:

- **Milestone 1 – General** – A contract has been established for a total cost of \$9,190,000 for purposes of mobilization, demobilization, utility relocation, traffic detours, road traffic control, CP Rail interface costs and environmental protection. A total of \$9,055,000 has been expended with \$135,000 in accruals (PAYE) against this contract (100% of the existing contract).
- **Milestone 2 – Design and Approval** – A contract has been established for a total cost of \$5,561,000 for purposes of site surveys, geotechnical investigations, design, approvals and design folders and record drawings. A total of \$5,243,000 has been expended with \$318,000 in accruals (PAYE) against this contract (100% of the existing contract).
- **Milestone 3 – Highway Construction** – A contract has been established for a total cost of \$53,468,000 for purposes of clearing and grubbing, grading and drainage, granular layers and new and rehabilitated pavements. A total of \$53,467,700 has been expended with \$300 in accruals (PAYE) against this contract (100% of the existing contract).
- **Milestone 4 – Bridge Structure** – A contract has been established for a total cost of \$34,200,000 for purposes of excavation and drainage, backfill, foundations, substructure and superstructure. A total of \$34,199,198 has been expended against this contract (100% of the existing contract).
- **Milestone 5 – Retaining Walls** – A contract has been established for a total cost of \$1,810,000 for purposes of retaining walls. A total of \$1,809,998 has been expended against this contract (100% of the existing contract).
- **Milestone 6 – Construction Engineering** – A contract has been established for a total cost of \$17,127,000 for purposes of construction engineering. A total of \$15,589,603 with \$1,537,397 in accruals (PAYE) has been expended against this contract (100% of the existing contract).
- **Milestone 7 – Finishing Works** – A contract has been established for a total cost of \$4,273,000 for purposes of barriers, lines, signs, lighting and landscaping. A total of \$3,507,927 has been expended with \$765,073 in accruals (PAYE) against this contract (100% of the existing contract).
- **Milestone 8 – Demolition and Removals** – A contract has been established for a total cost of \$1,205,000 for purposes of removal of pavement and demolition of existing Park Bridge. A total of \$907,850 has been expended with \$297,150 in accruals (PAYE) against this contract (100% of the existing contract).
- Overall, as of the end of the fiscal year 2007/08, 8 contracts corresponding to the 8 Milestones had been established on HIGHWAY CONTRIBUTION MANAGEMENT SYSTEM (HCoMS) for a total cost of \$126,834,000 out HCOMS-active sharable cost. A total of \$123,781,076 has been expended against these 8 milestones with \$3,052,920 in accruals (PAYE) (100% of the existing value of the 8 contracts), with:
 - 2005/06 Fiscal Year = \$25,022,996
 - 2006/07 Fiscal Year = \$74,071,521
 - 2007/08 Fiscal Year = \$24,696,559 (+\$3,052,920 of accruals (PAYE))

The claims submitted by Trans-Park Highway General Partnership (the design build-finance-operate Concessionaire) are verified by a Independent Certifier. The Independent Certifier's (IC) role is to review and certify five Pre Completion Performance Payment Certificates, one Substantial Completion Certificate, and one Final Completion Certificate as part of the Kicking Horse Canyon Project, Phase 2 (KHC)¹. These certificates are in respect to the Federal Cost Contribution Agreement between the Government of Canada and the Province of British Columbia.

¹ **Morrison Hershfield Ltd.**, Independent Certifier – Kicking Horse Canyon Phase 2

Contact Person: Mehran Avini, P.Eng.

610 - 3585 Graveley Street

Vancouver, B.C. V5K 5J5

Tel: (604) 454-0402

email: mavini@morrisonhershfield.com

Table 3

CANADA/BRITISH COLUMBIA CANADA STRATEGIC INFRASTRUCTURE FUND AGREEMENT FOR KICKING HORSE CANYON PROJECT
Schedule of Detailed Expenditure Claims for 2006/07
For the Year Ended March 31, 2007

Project Number	Project/Claim Description	Contract Number	Previous Years Expenditure	Current Year Eligible Costs	Accruals (PAYE)	Total To Date	Eligible Costs Remaining in Existing Contracts
1.1	Milestone 1 (\$9,190,000) Mobilization, demobilization, utility relocation, traffic detours, road traffic control, CP Rail interface costs and environmental.	Milestone 1 - General	8,805,824	249,176	135,000	9,190,000	-
		Sub-total	8,805,824	249,176	135,000	9,190,000	-
2.1	Milestone 2 (\$5,561,000) Site survey, geotechnical investigations, design, approvals and design folders and record drawings.	Milestone 2 - Design and Approval	5,095,926	147,074	318,000	5,561,000	-
		Sub-total	5,095,926	147,074	318,000	5,561,000	-
3.1	Milestone 3 (\$53,468,000) Clearing and grubbing, grading and drainage (east), grading and drainage (west), granular layers and new and rehabilitated pavements.	Milestone 3 - Highway Construction	46,042,250	7,425,450	300	53,468,000	-
		Sub-total	46,042,250	7,425,450	300	53,468,000	-
4.1	Milestone 4 (\$34,200,000) Excavation and drainage, backfill, foundations, substructure and superstructure.	Milestone 4 - Bridge Structure	25,438,826	8,761,172	-	34,199,998	2
		Sub-total	25,438,826	8,761,172	-	34,199,998	2
5.1	Milestone 5 (\$1,810,000) Retaining walls	Milestone 5 - Retaining Wall	1,691,657	118,341	-	1,809,998	2
		Sub-total	1,691,657	118,341	-	1,809,998	2
6.1	Milestone 6 (\$17,127,000) Construction management, quality management and general engineering during construction.	Milestone 6 - Construction Engineering	11,012,653	4,576,950	1,537,397	17,127,000	-
		Sub-total	11,012,653	4,576,950	1,537,397	17,127,000	-
7.1	Milestone 7 (\$4,273,000) Barriers, lines, signs, lighting and landscaping	Milestone 7 - Finishing Works	944,824	2,563,103	765,073	4,273,000	-
		Sub-total	944,824	2,563,103	765,073	4,273,000	-
8.1	Milestone 8 (\$1,205,000) Removal of pavement and demolition of existing Park Bridge.	Milestone 8 - Demolition and Removals	62,557	845,293	297,150	1,205,000	-
		Sub-total	62,557	845,293	297,150	1,205,000	-
		TOTAL	99,094,517	24,686,559	3,052,920	126,833,996	4

ANNUAL AUDIT OF PROGRAM

The audit evaluated the claims submitted for payment under the agreement to ensure that they are free of material misstatement and that they are consistent with the eligible costs requirements of the agreement. The audit was undertaken in accordance with accepted auditing standards such as the rules of the Canadian Institute of Chartered Accountants by an independent certified chartered accountant (CA). The audit was conducted by the Office of Auditor General of BC.





Report of the Auditor General of British Columbia

*To the Members of the Management Committee of the
Canada–British Columbia Canada Strategic Infrastructure Fund Agreement for
Kicking Horse Canyon Project:*

At the request of the Ministry of Transportation on behalf of the Management Committee, I have audited the Schedule of Detailed Expenditure Claims under the *Canada–British Columbia Canada Strategic Infrastructure Fund Agreement for Kicking Horse Canyon Project, 2005-2006 / 2009-2010* against the eligible costs of the agreement (as defined in Schedule A of the agreement dated March 7, 2006) for the year ended March 31, 2008. This financial information is the responsibility of the management of the Ministry of Transportation. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, this schedule presents fairly, in all material respects, the detailed expenditure claims under the *Canada–British Columbia Canada Strategic Infrastructure Fund Agreement for Kicking Horse Canyon Project, 2005-2006 / 2009-2010* for the year ended March 31, 2008 in accordance with the provisions of Schedule A of the agreement referred to above.

*Victoria, British Columbia
May 13, 2008*

John Doyle, MBA, CA
Auditor General

**CANADA - BRITISH COLUMBIA
CANADA STRATEGIC INFRASTRUCTURE FUND
AGREEMENT FOR KICKING HORSE CANYON PROJECT
2005 - 2006 / 2009 - 2010**

Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2008

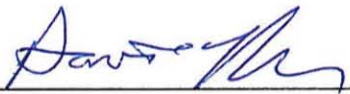
Project Number	Project/Claim Description	Contract Number	Eligible Costs Claimed in 2007/08 (\$)
1.1 Milestone 1 (\$9,190,000)	Mobilization, demobilization, utility relocation, traffic detours, road traffic control, CP Rail interface costs and environmental.		
		Milestone 1- General	249,176
	Sub-total		249,176
2.1 Milestone 2 (\$5,561,000)	Site survey, geotechnical investigations, design, approvals and design folders and record drawings.	Milestone 2 - Design and Approval	147,074
	Sub-total		147,074
3.1 Milestone 3 (\$53,468,000)	Clearing and grubbing, grading and drainage (east), grading and drainage (west), granular layers and new and rehabilitated pavements.	Milestone 3 - Highway Construction	7,425,450
	Sub-total		7,425,450
4.1 Milestone 4 (\$34,200,000)	Excavation and drainage, backfill, foundations, substructure and superstructure.	Milestone 4 - Bridge Structure	8,761,172
	Sub-total		8,761,172
5.1 Milestone 5 (\$1,810,000)	Retaining walls	Milestone 5 - Retaining Wall	118,341
	Sub-total		118,341
6.1 Milestone 6 (\$17,127,000)	Construction management, quality management and general engineering during construction.	Milestone 6 - Construction Engineering	4,576,950
	Sub-total		4,576,950

**CANADA - BRITISH COLUMBIA
CANADA STRATEGIC INFRASTRUCTURE FUND
AGREEMENT FOR KICKING HORSE CANYON PROJECT
2005 - 2006 / 2009 - 2010**

Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2008

Project Number	Project/Claim Description	Contract Number	Eligible Costs Claimed in 2007/08 (\$)
7.1	Milestone 7 (\$4,273,000)		
	Barriers, lines, signs, lighting and landscaping	Milestone 7 - Finishing Works	2,563,103
	Sub-total		2,563,103
8.1	Milestone 8 (\$1,205,000)		
	Removal of pavement and demolition of existing Park Bridge.	Milestone 8 - Demolition and Removals	845,293
	Sub-total		845,293
TOTAL			24,686,559

Approved by:


David Marr
 Executive Director
 Program Development and Monitoring


Sheila Taylor
 Assistant Deputy Minister & Ministry's EFO
 Finance and Management Services

**CANADA-BRITISH COLUMBIA
CANADA STRATEGIC INFRASTRUCTURE FUND
AGREEMENT FOR KICKING HORSE CANYON PROJECT
2005-2006 / 2009-2010**

**Notes to the Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2008**

Dgm

1. Purpose of this Statement

The Schedule of Detailed Expenditure Claims and accompanying notes has been prepared to disclose eligible costs incurred under the Canada – British Columbia Canada Strategic Infrastructure Fund Agreement for Kicking Horse Canyon Project entered into on March 7, 2006. The purpose of this Agreement is to further improve the safety and efficiency of the Trans-Canada Highway through the Kicking Horse Canyon through a 50/50 cost sharing arrangement for eligible costs.

2. Eligible costs

The Agreement specifies “Eligible Costs” in Schedule A – Eligible and Ineligible Costs, at paragraph A1.1, as *“all necessary direct costs incurred properly and reasonably for the implementation of the Project, paid by British Columbia, and confirmed as eligible by audit in accordance with the Reporting – Audit – Evaluation Guidelines, and include:*

- a) capital costs, as defined and determined according to accounting principles generally recognized in Canada, and relating to the acquisition, construction or renovation of a fixed capital asset;*
- b) the costs of environmental planning, surveying, engineering, architectural, supervision, testing and management consulting activities;*
- c) the costs of engineering and environmental reviews, including environmental assessments and follow-up programs as defined in the Canadian Environmental Assessment Act;*
- d) the costs of remedial activities mitigation measures and follow-up identified in any environmental assessment;*
- e) the costs of signage, lighting, and changes to public utilities;*
- f) the costs of developing and implementing innovative techniques for carrying out the Project as approved in writing in advance by the (Management) Committee;*
- g) the costs of communication and signage recognition set out in the Communication Protocol Guidelines that have been approved in advance by the (Management) Committee;*
- h) evaluation costs and audit costs; and*
- i) other costs that, in the opinion of Canada, are considered to be direct and necessary for the successful implementation of the Project.*

3. Basis of Accounting and Accounting Policies

The Schedule of Detailed Expenditure Claims has been prepared in accordance with Canadian generally accepted accounting principles for senior government. Expenditures are recorded at cost on an accrual basis. Costs are net of any recoveries and of GST.