



Saskatchewan Association of Rural Municipalities
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FEDERAL BUDGET 2017

Funding Priorities for Rural Saskatchewan

August 2016

**Submitted for consideration by the Saskatchewan Association of Rural Municipalities
(SARM)**

Executive Summary

The Saskatchewan Association of Rural Municipalities (SARM) is the independent association that represents all 296 rural municipalities (RM) in Saskatchewan. The Budget 2017 recommendations outlined in this proposal will enhance the access that individuals living in rural and remote Canada have to education, healthcare, and vital emergency services. Our recommendations will also increase the ability of residents, businesses and communities to contribute to the Canadian economy, the way they choose to and provide them with the tools needed to succeed.

Rural broadband connectivity and reliability is an important piece of infrastructure that provides access to valuable information, education, health care, financial services, entertainment, and employment opportunities; ensuring that communities that are underserved gain access to reliable broadband service will help bolster the Canadian economy.

Natural disasters like the recent wildfires in Saskatchewan, Alberta, and British Columbia, and drought in Alberta, have translated into heightened infrastructure related expenses for municipalities. Federal funding to municipalities for disaster related mitigation and recovery is essential to ensure the continued survival and livelihood of our communities.

Given the importance and the significant expense of road services/emergency services for RMs, SARM supports the concept of mandatory Road Maintenance Agreements for both existing and newly name TLE/First Nations lands to ensure adequate funding is provided to the RM for the Service as well as the establishment of a fund to compensate emergency service providers for services rendered to First Nations.

The Rural Municipal Administrators' Association has estimated that as many as 120-150 municipal administrators will be retiring from their profession in the next 5 years; this alone will create a lack of capacity in communities which will negatively affect residents, businesses and the economy. SARM is recommending that municipalities be eligible for the next Canada-Saskatchewan Job Grant.

Finally, SARM applauds changes made to the current New Building Canada Fund but suggest additional changes be made to better utilize our scarce financial resources.

Rural Broadband

Rural broadband access in rural Saskatchewan has been an obstacle in economic development for local businesses. SARM is thankful for the Governments' investment of up to \$500 million over five years to enhance broadband service in rural and remote communities.

Saskatchewan's rural areas are often left with subpar broadband access and there still remain areas with no service. Day to day activities of individuals, groups, businesses, industry and municipalities rely on a connection to the internet; the benefits of connectivity benefit all groups and demographics. As more services are delivered online, the economic, healthcare and education opportunities seen in the urban areas are not received in the rural areas. Examples of how the internet enhances productivity are through online transactions, accessing information, education offered online, seeking employment online and etc. Without a reliable connection it is difficult to participate in the Canadian economy as so much is found online; the result is that many in rural Saskatchewan are unable to meet their economic potential.

RECOMMENDATION 1: SARM asks that the Federal Government:

1. Update the current Tier 4 service areas and/or minimum population coverage to ensure rural areas, those areas that are home to numerous economic drivers and cover large areas but have sparse populations receive adequate service.
2. Collaborate with each province and territory on a plan for service that takes each province's population and geography; the definition of 'rural' is not the same across Canada.
3. Alter the existing rules of broadband auctions and corresponding licenses to ensure that rural areas in Saskatchewan receive better access to high speed internet and cellular data connectivity.
4. Ensure any spectrum allocated for rural areas that is unused by an Internet Service Provider for 2 years after acquisition be accessible to Internet Service Providers who are willing to bring service to rural areas – a use it or lose it provision.

Adaptation and Climate Resilient Infrastructure

The effects of climate change are being felt in the prairies as communities are experiencing a variety of disaster events that includes flooding, droughts and wildfires. As these disaster events are increasing in frequency and severity so too are the risks to residents and the costs of recovering from these disasters.

A more effective approach to limiting the impact of natural disasters on Canadians is to increase support for mitigation efforts so that communities can be better prepared for such events thereby reducing related damages. When natural disasters occur, those most vulnerable in the effected community are often the most impacted; this is true of senior

citizens and other less mobile groups as well as those that are reliant on property-owners for the security of their homes.

RECOMMENDATION 2: To ensure that mitigation projects are strategically and effectively undertaken, SARM recommends that:

1. Extensive consultations be conducted with provincial and territorial governments prior to further development of the National Disaster Mitigation Program (NDMP) criteria and any future changes being made to the Program or subsequent programs.
2. Both structural and non-structural mitigation projects be funded under the NDMP.
3. The application period for the NDMP be extended to allow provincial and territorial government sufficient time to consult with municipalities on projects to apply for under the funding program.
4. A thorough review of the DFAA Guidelines, with input from the provincial and territorial governments, be undertaken and the Guidelines and/or applicable legislation and regulations be updated to ensure compensation rates for use of public equipment for all hours of emergency operation to a level comparable with the eligible rates for private contractors and that compensation for the regular wages of municipal employees undertaking disaster related work in place of regular responsibilities be made eligible. Additionally, that municipal-owned gravel is a recoverable expense for municipalities.
5. Consistent guidelines be established for provinces and territorial governments to access mitigation funding under the DFAAs and these be clearly communicate to relevant stakeholders.

Mutual Aid Agreements & Emergency Response Fund

With the extensive road network, rising cost of gravel, labour, and equipment, it is not possible to provide immediate snow removal or undertake repairs to all roads quickly. The municipality therefore, is reliant on service agreements with businesses, local landowners, parks, and First Nations. These servicing agreements give municipalities the assurances they need to increase staff hours spent on road infrastructure and buy additional equipment. When services are provided under such agreements but payment is not rendered the municipality in a loss position.

Additionally, numerous First Nations communities do not have their own emergency service providers and formally or informally rely on the local municipality to provide them. In these cases the municipalities and First Nations must negotiate an agreement to ensure that services, including fire protection, are rendered and that compensation for such services is received. Unfortunately, servicing agreements of both types are not always honoured resulting in unpaid services or no agreements can be reached which leaves First Nations on reserve at risk as well as the surrounding community.

To alleviate these safety concerns and the financial burden placed on local emergency service providers, SARM is recommending the establishment of an Emergency Response Fund (EF) by provincial and federal governments. The purpose of the fund would be to reimburse municipalities that provide essential services, such as fire protection, to First Nations and other municipalities. Rather than requiring an agreement between municipalities and/or First Nations, the municipality can confidently provide emergency services knowing that they will receive compensation for the services rendered. The emergency response fund would help eliminate many of these issues. Furthermore, any surplus funds at the end of each year could be used to build local, including First Nations, capacity to respond to emergencies.

RECOMMENDATION 3: To this extent SARM is recommending that the Federal Government:

1. Make Road Maintenance Agreements mandatory for both existing and newly named TLE/First Nations lands to ensure adequate funding is provided to the RM providing the service.
2. Make Mutual Aid Agreements mandatory for both existing and newly named TLE/First Nations lands to ensure adequate funding is provided to the RM providing the service.
3. Have a mechanism in place, such as an emergency response fund, whereby an RM can be assured of payment under both Road Maintenance and Mutual Aid Agreements.

Canada-Saskatchewan Job Grant

SARM supports the Canada-Saskatchewan Job Grant and its objective to assist businesses and non-profit organizations by providing funding for employee training and education initiatives. Unfortunately, while the grant is currently open to businesses and non-profits in Saskatchewan, it excludes municipal governments from receiving funding under the program.

RMs are often significant employers in their communities but can struggle to find qualified employees or funding to further the training and abilities of existing employees. Furthermore, RMs are responsible for providing and maintaining important infrastructure and services that not only their ratepayer rely on but many industries and surrounding communities. Opening the Canada-Saskatchewan Job Grant to municipal employees would enable RMs to create and empower a better trained workforce which benefits all in the province.

RECOMMENDATION 4: SARM respectfully asks that:

1. Funding through the new agreement between the Province and Federal Government be made available to municipalities.

Federal Funding for Rural Municipal Infrastructure: New Building Canada Fund

SARM is pleased that the 2016 Federal Budget makes reference to examining new innovative financing instruments to reduce the cost of municipal infrastructure projects so that more are built and get started earlier. Many of Saskatchewan's roads are not built to a standard that facilitates the continuous movement, increased weights and large configurations of industry related traffic. In many cases additional resource development is stalled or limited due to poor local road conditions, which are often a direct result of increased traffic, underfunding and unfavorable weather conditions. Local governments do not have the fiscal resources to fund every essential infrastructure project on their own; as such, innovative solutions are required. In response, SARM has been developing a Public-Private Industry Partnership Program over the last few years that would be see financing from industry, municipal, provincial, and Federal governments to build new, maintain, and upgrade municipal roads that are critical to the resource industry.

RECOMMENDATION 5: SARM respectfully asks that:

1. The Federal Government allow some flexibility under the New Building Canada Fund for projects and programs that utilize innovative financing arrangements to build new and upgrade existing municipal road infrastructure that facilitates the continuous movement, increased weights, and large configurations of industry related traffic.

The announcement that \$5 billion will be invested over the next five years in water, waste water and green infrastructure projects across Canada was welcomed by SARM. This increase in the federal governments share for water and waste water projects will free up money under the New Building Canada Fund (NBCF) for important road projects and SARM will be in discussions with the Province about this potential. Additionally, SARM applauds the Government for reducing the average annual daily traffic minimum requirement threshold for funding under PTIC.

Rural communities across Saskatchewan are unique in that they have small populations, large land bases, and a growing responsibility for the country's exports. This distinctiveness translates into a heightened need for continued infrastructure investments from senior levels of government as local governments do not have the resources to fund essential infrastructure projects needed to supply safe and efficient infrastructure to support these economic drivers. Currently, the definition of 'rural municipalities' used within the NBCF guidelines severely limits the ability of such small municipalities that are instrumental in the prosperity of the nation from accessing funds. In Saskatchewan, all but 2 municipalities are eligible to apply for the limited funding under the Small Communities Fund (SCF).

RECOMMENDATION 6: SARM respectfully asks that:



1. Additional funding be provided for the SCF to ensure RMs have a better chance of accessing Federal infrastructure dollars;
2. The Government endorse provinces/territories lowering the 100,000 population threshold for the SCF to more accurately reflect the size of small communities within their jurisdictions.