



## **FEDERAL BUDGET 2018**

### **Funding Priorities to Improve the Productivity of Rural Saskatchewan**

**August 2017**

## **Executive Summary**

The Saskatchewan Association of Rural Municipalities (SARM) is the independent association that represents all 296 rural municipalities (RM) in Saskatchewan. The Association takes direction from its members and forms its policy accordingly. SARM is the principal advocate in representing RMs before senior levels of government.

As RMs are the level of government closest to ratepayers and businesses in rural Saskatchewan, the infrastructure and services that they provide have an immediate impact on the productivity of both Canadians and businesses alike. With this notion, the recommendations put forward by SARM are intended to improve the productivity of Canadians and businesses by empowering communities and supporting them with fair and accessible federal programming and investments.

A longstanding priority for SARM is rural broadband. Previous federal budgets allocated \$500 million for rural and remote broadband access. SARM appreciates the federal government's investments for improving rural broadband access for rural communities across the country through programs like Connect to Innovate. Best practices research clearly demonstrates that broadband improvements offer a means of reversing social and economic trends that impact our rural communities. Broadband is an essential infrastructure for prompting robust rural development and for the attraction and retention of youth and skilled workers. It can lead to improved access to government and public services with enhanced program outcomes and with reduced delivery costs. Forging healthy and prosperous rural communities by eliminating or narrowing the so-called digital divide between rural and urban communities should be a priority for everyone as it benefits the economy holistically. SARM believes that broadband must be both accessible and reliable. Connectivity needs to be consistent to ensure business can be conducted without interruption. It is imperative that reliability is examined in conjunction with access to ensure rural communities can benefit from the service provided to them.

The population thresholds for various federal programs do not align with Saskatchewan's demographics and realities. Due to the differences in definitions, small, rural communities in Saskatchewan must compete with larger cities for funding opportunities. Allowing provinces and territories to determine what the population thresholds should be for their respective jurisdictions would enhance fairness and accessibility to federal funding. This would improve the rural communities' ability to facilitate and support the productivity of their ratepayers and businesses.

Municipalities provide fundamental services to communities that allow Canadian communities, residents, and business owners to flourish. Without these services, communities would not function at optimum levels. The services provided by municipalities require trained and educated employees. Hiring and retaining quality professionals can be a challenge for municipalities, especially in rural communities. The Canada-Saskatchewan Job Grant would provide rural municipalities access to funding to further train their employees and enhance their skills to increase their productivity. Municipalities should be considered for this program as a mechanism to improve employees' productivity, in turn enhancing their communities' productivity.

Establishing an Emergency Response Fund for local fire departments in Saskatchewan would support the goal of increasing productivity for Canadians and businesses. Fire departments face rising costs but have limited funding available. Fire departments should be eligible to apply for compensation for their services after responding to incidents involving Crown corporation infrastructure, Crown land, First Nations land, land adjacent to railways and assistance with STARS air ambulance landings. Enhancing the sustainability of local fire departments ensures that communities remain vibrant, secure and safe for Canadians and businesses. Without sustainable, essential services the productivity and safety of all who reside in a community is adversely affected, including the capacity of local fire departments.

## **Rural Broadband**

Broadband has become part of the basket of public goods and services that municipalities need for residents and businesses to optimize experiences, pursue opportunities and offer an improved quality of life for all. Municipalities are starting to recognize broadband as a competitive advantage in the global marketplace. Broadband is a critical utility for accessing education and training opportunities, engaging in financial services, medical services and for the knowledge workforce. Broadband can assist in boosting the economic and social well being of rural communities, and plays a key role in giving communities a sustainable future in our ever-more-connected world.

Budget 2016 invested \$500 million to support the expansion of broadband networks in rural Canada- an investment greatly appreciated by SARM. Rural broadband access is critical for helping rural Canadians be more productive. SARM believes further improvements are required to ensure that underserved areas receive funding and that existing service levels are improved.

SARM would like to reiterate the importance of ensuring that CRTC maps are accurate and take into account not only available service but reliable service. Many areas on CRTC maps have access to high speed internet, but the access is intermittent and is not consistent with high speed download and uploads levels. During peak times there is not a consistent level of service. It is important to consider service reliability when directing funding for improving rural broadband connectivity.

### **RECOMMENDATION 1:**

To continue building on the investments in rural broadband, SARM recommends that the federal government:

1. Collaborate with each province and territory on a plan for service that takes each province's population and geography into account. Each province has a different definition of "rural" that needs to be recognized. Collaboration will ensure that the benefits of investments in rural broadband are maximized.
2. Use service reliability as a performance measurement in addition to using service availability as a measurement.

## **Federal Thresholds for Programs**

The \$2 billion allocated for rural and northern communities to support a wide range of infrastructure projects will surely benefit all Canadians that reside in rural and northern areas. SARM appreciates this investment and hopes to see it allocated effectively and efficiently. Ensuring the appropriate eligibility criteria is one way to maximize the benefits.

Federal programs that provide funding assistance to improve communities and assist families and businesses with being more productive, should be designed using provincial demographics with provincial definitions. Often the federal definition of “rural” is not in line with Saskatchewan’s definition of “rural.” The result is that rural municipalities and small communities must compete with larger urban centres for funding which results in the very small communities not receiving adequate funding.

By using provincial demographics for program thresholds, the federal government would be able to greatly improve the productivity of Canadians and businesses. Provincial demographics include small populations with large land bases and play a crucial role in ensuring that the country’s resources and goods get to market. Having these communities compete with all communities up to a population of 100,000 is not appropriate for Saskatchewan as only two cities have a population over 100,000. Lowering this threshold will ensure that more money flows to more projects.

Allowing provinces to determine population thresholds will immediately assist Canadians and businesses with enhancing their productivity. This aligns with ensuring that transportation infrastructure projects such as roads and bridges receive funding for their maintenance, restoration and construction. Programs such as the National Trade Corridors Fund (NTCF) are very important for supporting economic development and the productivity of Canadians who need to get their products to market. Ensuring that entities such as rural municipalities have the necessary funding to maintain trade infrastructure such as roads and bridges goes hand in hand with supporting the productivity of Canadians and businesses.

Maintaining and building transportation infrastructure is necessary for ensuring that Canadians and businesses can get their products to market. Safe and reliable infrastructure facilitates the productive movement of products to both domestic and international markets. Without funding for infrastructure, municipalities, Canadians and businesses will be far less productive due to unreliable infrastructure to ship their goods and products.

## **RECOMMENDATION 2:**

1. SARM recommends that the federal government endorse provinces and territories lowering the 100,000-population threshold for the Rural Infrastructure Fund and other federal programs to more accurately reflect the size of small communities within their jurisdictions.

### **Canada-Saskatchewan Job Grant**

Municipalities are the providers of important services to their communities. Services include maintaining infrastructure such as roads, bridges, water and waste water treatment centres, among others. Provision of these services requires a trained and qualified workforce. The Canada-Saskatchewan Job Grant provides employers with funding assistance to train and educate their employees to improve their productivity.

Expanding eligibility to municipalities would be an immediate improvement for enhancing Canadians productivity as municipalities are important employers in communities across the province. Allowing municipalities to participate in this program will increase the number of Canadians who receive training and education. One of the most fundamentally sound ways to improve one's productivity is by receiving training and education opportunities.

### **RECOMMENDATION 3:**

1. SARM recommends that the Canada-Saskatchewan Job Grant be extended to municipalities.

### **Emergency Response Fund**

The costs of providing fire suppression services and for responding to motor vehicle collisions continue to increase for Saskatchewan fire departments. This is an issue as the compensation received by fire departments does not always cover the costs for services rendered. This results in financial strain and sustainability issues for services that are essential to public safety. Without financial predictability or security, fire department productivity is negatively affected.

To address and help ease these financial concerns, SARM proposes the creation of an Emergency Response Fund (ERF). The ERF would be accessible to fire departments that provide services to incidents that involve Crown corporation infrastructure, Crown land, First Nations land, land adjacent to railways, and for assisting with STARS air ambulance landings. Currently, fire departments receive no compensation for assisting STARS air

ambulance landings. Municipal fire departments require assurances that they will be compensated for providing what may be life-saving emergency services.

SARM proposes that the ERF be a joint initiative between the Government of Saskatchewan, including provincial Crown corporations, and Indigenous and Northern Affairs Canada (INAC). The main benefits of the ERF would be the improved sustainability of fire departments across Saskatchewan. This has the immediate effect of supporting and improving the public safety of all that reside in Saskatchewan. Municipal fire departments that provide services to First Nations would then have the ability to confidently provide fire suppression and emergency services knowing that they would have the ability to access compensation from the ERF. Surplus funds in the ERF could be used to assist with building local capacities, including First Nations, to respond to emergency situations.

For Canadians and businesses, knowing that their local fire department is financially secure lends itself to supporting the productivity of Canadians and businesses. In situations where services that support quality of life are not sustainable, the productivity of those residing in the community is affected. By helping to improve the sustainability of an essential service through the creation of an ERF, the productivity of communities across Saskatchewan would be supported.

#### **RECOMMENDATION 4:**

1. SARM recommends that the federal government, Indigenous and Northern Affairs Canada, work with the Government of Saskatchewan to establish an emergency response fund to be accessible by local fire departments to re-coup costs from providing fire services, allowing them to operate efficiently and effectively.
2. SARM recommends that a mechanism be put in place, such as an emergency response fund, whereby an RM can be assured of payment under Mutual Aid Agreements.