



FEDERAL BUDGET 2020

Federal Funding Priorities for Rural Saskatchewan

June 2019

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 economic growth and competitiveness of both Canadians and businesses alike. The recommendations put forward by SARM are intended to improve quality of life for rural residents and create a competitive business environment for industry.

A longstanding priority for SARM is rural broadband. Internet access has been deemed an essential service. Forging healthy and prosperous rural communities by eliminating or narrowing the digital divide between rural and urban communities should be a priority for everyone as it benefits the economy holistically. Broadband must be both accessible and reliable. Connectivity needs to be consistent to ensure business can be conducted without interruption. While significant investments have been made to improve rural broadband, SARM believes a larger investment is required sooner rather than later.

Infrastructure continues to be a major priority for rural Saskatchewan. Saskatchewan is home to the largest road network per capita. Rural municipalities are responsible for 165,000 kilometres of road. There are nearly 1,500 rural municipal bridges in the province. In addition, rural municipalities are responsible for other critical infrastructure such as water and waste water treatment systems, landfills, and recreation facilities. To ensure rural municipalities have a fair opportunity of accessing funding opportunities, SARM requests that special consideration be given to funding available for small communities.

Saskatchewan agriculture producers are under significant financial pressure due to the carbon tax, despite playing such an important role in removing carbon dioxide from the atmosphere. Every year, Saskatchewan producers sequester 9.64 million new tonnes of carbon dioxide, or the equivalent of taking 2 million cars off the road. SARM members are requesting recognition of this contribution to combating climate change through carbon offset credits.

Finally, there is little doubt that crime rates are a problem in rural Saskatchewan. To help combat crime and return feelings of safety to our communities, SARM is requesting that the federal government put more boots on the ground in rural Saskatchewan and offer incentives to RCMP reservists to increase uptake of temporarily vacant positions in rural detachments.

Rural Broadband

Broadband is no longer something that is nice to have. The Canadian Radio-television and Telecommunications Commission (CRTC) has declared broadband internet to be a basic telecommunications service. Broadband has become part of the basket of public goods and services that municipalities need for their residents and businesses to conduct day to day activities and participate in the economy. Municipalities know that broadband is essential in boosting the economic and social well-being of rural communities. Reliable broadband is necessary to maintain the health, safety and well-being of those living, working and travelling in rural and remote areas. Without broadband, rural residents cannot take advantage of technology that can help address pertinent issues, such as crime prevention and reduction and reducing emissions.

Budget 2019 announced the creation of a national “access to high-speed internet” target of 95 per cent of Canadian homes and businesses have access to internet speeds of 50/10 Mbps by 2026 and 100 per cent by 2030, regardless of their location. This announcement includes the implementation of the Universal Broadband Fund, which will provide \$1.7 billion over 13 years. The budget also included a provision for greater coordination with provinces, territories and federal agencies such as the CRTC and the \$750 million rural/remote broadband fund. SARM appreciates this funding, as it signals the federal government recognizes the importance of improving connectivity in rural communities. However, we do not believe it is enough to bridge the wide gap. That is why we support the Federation of Canadian Municipalities’ (FCM) request for the federal government to invest at least \$400 million per year over 10 years.

In 2018 the CRTC reported that 63 per cent of rural households in Canada do not have access to 50/10 megabits per second (Mbps) speeds with unlimited data. Almost 40 per cent of rural communities report having no access to download speeds between 25-50 Mbps and 13 per cent of rural households with Internet cannot access 5 Mbps download speeds. Across Canada, 14 per cent of major roads and highways do not have access to LTE. We suspect this number is much higher in Saskatchewan, as one does not have to travel very far to lose cellular service.

In terms of download and upload speeds, SARM believes that the federal government should do all that it can to meet the CRTC’s new targets of download speeds of 50 megabits per second (Mbps) and upload speeds of at least 10 Mbps. While many urban centres may be close to achieving this target, the real challenge will be meeting these goals in the rural areas. Major investments are needed to ensure all Canadians have even a basic level of service.

RECOMMENDATION 1:

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

- 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.
- Invest at least \$400 million into dedicated rural broadband per year over 10 years.
- Use service reliability as a performance measurement in addition to using service availability as a measurement.

Infrastructure Funding

Rural infrastructure projects, including roads and bridges, are vital for the sustainability of our communities. Industries and people living and working in rural municipalities depend on access to reliable and well-designed infrastructure that will allow them to safely and efficiently reach their destinations, suppliers, and markets. Rural communities across Canada are unique when compared to larger urban centres 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 governments, as municipal governments do not have the resources to fund essential infrastructure projects on their own.

SARM supports the use of sound asset management practices to identify, maintain and replace municipal infrastructure and appreciates the \$50 million investment by the federal government in the Municipal Asset Management Program. Unfortunately, small communities have limited access to tax dollars and current funding based on per-capita models. The responsibility for local infrastructure that supports larger investments in the provincial and federal economy is falling primarily on municipalities and their ratepayers. Landfills and water wastewater systems are reaching capacity in some areas and these, in their traditional form, have huge price tags attached to expand or build new.

SARM is appreciative of the establishment of the Rural and Northern Communities Fund which allocated \$2 billion to provinces and territories under the Investing in Canada Infrastructure Plan, as well as the recognition by the federal government of the challenges faced by municipalities with populations under 5,000 through the increased cost-share percentage (40:60). Funding available to small communities under the Green Infrastructure Fund was also appreciated. However, the program's indicators of success were limited and reduced the likelihood that small communities with a population of less than 5,000 could access funding. This was primarily due to the focus around number of households served and volume of waste water treated per year. There are, however, a number of challenges with current federal infrastructure funding programs that impede rural municipalities from access dollars for important infrastructure projects. For example, the definition of a 'small' community is still under 100,000 which means all but two municipalities in Saskatchewan are eligible under the program.

RECOMMENDATION 2:

- Establish a 'small communities' fund that ensures investments are truly dedicated to rural and small communities, while allowing for flexibility to meet the needs of each province and territory.
- Inclusion of a dedicated funding stream for road and bridge infrastructure within future funding baskets for small communities.
- Retain 50 per cent federal cost-sharing for projects under the Rural and Northern Communities Fund (60 per cent for populations under 5,000, and 75 percent in the territories)—while pursuing fair contributions from provinces.
- Take steps to promote smaller communities' access to a full range of investments within the Investing in Canada plan, over and above the Rural and Northern Communities Fund.
- Streamline project application and reporting requirements for smaller communities, recognizing their financial, administrative and demographic realities.
- Allow provinces to reallocate public transit funding to be used by communities of all sizes in Saskatchewan to address clean water and waste water infrastructure deficits.
- Allocate funding for programs and projects that capitalize on investment from multiple parties and technologies to reduce the costs of delivering services.

Carbon Sequestration

SARM supports the Government of Canada's commitment to the Paris Accord. We understand that efforts to mitigate climate change and protect the environment are necessary, but we do not believe a carbon tax is the best tool to achieve this goal. A carbon tax will have a net cost rather than a net benefit to the Saskatchewan economy, regardless of any measures the Government of Saskatchewan introduces to alleviate its impacts. The introduction of a carbon price in Saskatchewan is increasing costs for producers, firms, businesses, and ratepayers, resulting in carbon leakage and lost competitiveness.

Unfortunately, despite exemptions of the carbon tax on farm fuel, producers continue to be disproportionately affected by the carbon tax. As price takers, producers have no ability to pass along the increased costs. This is troublesome to us, as Saskatchewan producers are stewards of the land and have been early adopters of technologies that reduce greenhouse gas emissions. For example, most Saskatchewan crop land is zero till. Zero till is a low disturbance direct seeding system. Not only does zero till agriculture sink more carbon, it also reduces soil erosion and the amount of fuel required on farm. The Saskatchewan Soil Conservation Association (SSCA) has been studying carbon sequestration for years. Through its scientific research, the SSCA has found that over 28 million acres, Saskatchewan producers sequester 9.64 million new tonnes of carbon dioxide every year. This is equivalent to eliminating more than 2 million cars on the road. The research backing this figure comes from the Prairie Soil Carbon Balance Project, which collected

samples from all soil zones in Saskatchewan over 15 years in collaboration with the SSCA and soil scientists from Agriculture and Agri-Food Canada.

Given their important role in sequestering carbon, SARM members have requested that carbon credits be available for agricultural producers. The agriculture sector is unique, as it is biological in its very nature. Saskatchewan producers are being asked to feed the world. If they are to do so, producers must remain competitive. The carbon tax threatens that competitiveness. Carbon credits would not only help offset this threat, but would strike an appropriate balance between environmental protection and economic growth.

RECOMMENDATION 3:

- That agricultural producers receive carbon credits to recognize their role in carbon sequestration. These credits should be retroactive to 2002.

Rural Crime and Policing

For some time, rural residents have been ringing the alarm on increasing crime rates in their communities. In July 2018, Statistics Canada released the police-reported crime statistics for 2017. The report found that at a national level, rural areas have higher crime rates than urban areas. Despite only serving 17 per cent of Canada's population, 25 per cent of violent crime, 18 per cent of property crime and 24 per cent of other Criminal Code offences were reported by police serving rural areas. The crime rate in rural areas was a staggering 30 per cent higher than in urban areas. In Saskatchewan, police in rural communities reported a crime rate 36 per cent higher than that in urban communities. All of this is to say, that Statistics Canada has been able to support what rural residents already know: crime in rural Saskatchewan is rising rapidly.

SARM strongly believes there is a need for increased police presence and enforcement options in rural Saskatchewan. Visibility – which acts as an important deterrence – is severely lacking in many rural areas. We understand the difficulty of policing a large geographic area with a sparsely spread population. That is why we have called for a rural policing strategy to identify what enforcement options exist and identify areas of overlap and where there are gaps. SARM has also advocated for RCMP officers dedicated to agriculture theft and crime, including cattle rustling. Given the national scale of the RCMP, often police officers with little understanding of rural or agricultural life end up in our communities. Through no fault of their own, it is difficult for these officers to investigate agricultural crime. Alberta has an RCMP livestock section. We would like to see a similar model introduced in Saskatchewan.

Though there has been small improvement, SARM remains concerned about vacancy rates in the RCMP throughout Saskatchewan. While we appreciate that Depot Division is putting through a record number of troops, we understand these recruits mainly cover attrition. We also know that

Depot relies on funding from the federal government to determine how many troops it can hire and train during the year. We would like to see the budget for new recruits increased and more officers placed in Saskatchewan. SARM also believes more can be done to fill temporary vacancies through the RCMP Reserve Program. Given the nature of the reserve program, we understand the reservists have the ability to choose where and when they fill-in. However, more could be done to incentivize reservists to fill temporary vacancies in rural areas of the province. Incentives could include accommodations and a rural compensation supplement.

RECOMMENDATION 4:

To address rising rural crime in Saskatchewan, SARM recommends that the federal government:

- Increase funding to the RCMP Academy to recruit, hire and train more cadets.
- Increase funding to allow for more RCMP officers in Saskatchewan.
- Provide incentives through the RCMP Reserve Program to encourage reservists to fill temporary vacancies in rural Saskatchewan.