



April 16, 2020

Mr. Wayne Easter, Chair
Standing Committee on Finance
MP – Malpeque
House of Commons
Ottawa, K1A 0A6

Dear Mr. Easter:

Re: Government's Response to the COVID-19 Pandemic

On behalf of the Saskatchewan Association of Rural Municipalities (SARM), I am writing the House of Commons Standing Committee on Finance regarding the Government's Response to the COVID-19 Pandemic. SARM represents all 296 rural municipal governments in Saskatchewan. Our association has a mandate in municipal and agricultural issues and takes direction from our members.

While we support the government's actions aimed at reducing the spread of COVID-19, like social distancing, and appreciate many of the provisions made in the Economic Response Plan as announced to date, many in rural Saskatchewan feel left behind by the government's suite of actions. To that end, we would like to take this opportunity to identify gaps in the government's existing economic response as it relates to rural Saskatchewan, and where further action is necessary to mitigate the impact of COVID-19 on our communities and core industries.

Broadband and Connectivity

As Canadians across the country remain connected to family, friends, and colleagues through broadband internet, many people across Saskatchewan's rural municipalities remain socially isolated due to inadequate access to reliable highspeed internet. Indeed, the social distancing and isolation measures taken to address COVID-19 have highlighted the importance of access to reliable highspeed internet services not just to social connectivity, but also to economic prosperity and social welfare.

As people are attempting to work and access healthcare and education from their homes, the inability to do so is resulting in hardship for those in underserved rural and remote areas. As business' and agricultural producers located in rural municipalities attempt to participate in the new economy that is largely based online and begin look toward economic recovery, connectivity is critically important.

We are requesting that the government urgently address the technological disparity between regions of Canada a priority by making greater investments in rural and remote broadband.

Support for Agricultural Producers

2019 and 2020 have been remarkably challenging years for Saskatchewan's agricultural producers. Ongoing trade disputes with China, together with transportation disruptions have significantly impacted the ability of farmers to get products to market. Now, the impacts of COVID-19 are causing yet another challenge to our nation's food suppliers

Agricultural producers are concerned about disruptions to purchasing and delivery of farm inputs, such as diesel and fertilizer, and the sale and delivery of their farm production. As operations are affected by uncertainties going into the 2020 production year, the extension of business credit does not provide enough support as many producers are already heavily indebted. Further measures are required for many agricultural producers to address cashflow issues and continue their operations.

Accessing the federal government's business supports, including the Canada Emergency Wage Subsidy or the Canada Emergency Business Account, may be limited because of how farming operations are structured. Some operations are unable to demonstrate their eligibility for federal income and business supports due to industry and business practices, including inconsistent revenue and receiving remuneration through dividends, rather than through more traditional methods. These methods preclude many operations from meeting eligibility requirements.

Rural Municipal Support

The expansion of CERB's eligibility rules on April 15th was a welcome announcement for those earning small amounts as they support rural communities during the pandemic. However, rural municipalities will likely experience cashflow issues as the impacts of COVID-19 continue to be felt in the coming months. Not only will this affect daily operations but also capital plans. We believe that programming directly supporting rural municipalities will help to abate the impacts of COVID-19 and aid in the economic recovery process.

Increased taxes for Agricultural Producers

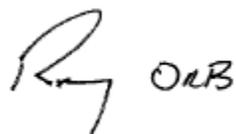
While steps have been taken to reduce the tax burden on Canadian businesses to help them manage the impact of COVID-19, the government chose to move ahead with increases in the federal carbon tax, which disproportionately impacts Canada's agricultural community.

Moving forward with the carbon tax increase on April 1 has added to costs of inputs (like fuel), production and transportation. At a time when the government is trying to increase the capital available to businesses, estimates show that in 2020 the federal carbon tax will add at least \$2.38 in costs per acre on an average Saskatchewan grain farm. We are requesting that the government exempt agricultural producers from the carbon tax, or offer other direct assistance to offset these increased costs, to help ease the burden throughout these challenging times.

It is clear that COVID-19 is impacting all sectors and levels of government and we have taken the opportunity to highlight several gaps that need to be addressed in order to ensure the viability of Canada's agricultural producers. As SARM provides a voice for the 296 rural municipalities in Saskatchewan, we would encourage the federal government to consider how to support rural municipalities as they address the impacts of COVID-19 so that they may continue to be strong and sustainable.

Thank you for considering our comments. We look forward to continued dialogue as we all work together to protect economic interests and the health and safety of Canadians.

Sincerely,

A handwritten signature in black ink that reads "Ray Orb". The signature is written in a cursive, slightly stylized font.

Ray Orb
President

Cc' The Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food
Cc' The Honourable Bill Morneau, Minister of Finance