



Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By: Saskatchewan Association of Rural Municipalities (SARM)

Recommendations by SARM:

Recommendation 1:

Build on investments in rural broadband, taking into consideration the funding potentially saved when virtual delivery of key government funded services such as education and healthcare services becomes a reliable option.

- Use service reliability as a performance measurement in addition to using service availability as a measurement.
- Provide additional supports for funding applicants who may have more limited resources than larger, more established applicants.
- Collaborate with provinces and territories on a plan for service that takes each province's population and geography into account. Each province has a different definition of "rural" that must be recognized. Collaboration will ensure that the benefits of investments in rural broadband are maximized.
- Invest at least \$400 million in rural broadband per year over 10 years.

Recommendation 2:

Recognize agricultural producers for their role in carbon sequestration and receive carbon credits to offset the impacts of the carbon tax.

Recommendation 3:

Ensure a pool of funding that is truly dedicated to rural and small communities, while allowing for flexibility to meet the needs of each province and territory.

- Allocate funding for programs and projects that capitalize on investment from multiple parties and technologies to reduce the costs of delivering services.
- Allow provinces to reallocate public transit funding to be used by communities of all sizes in Saskatchewan to address infrastructure deficits.
- Streamline project application and reporting requirements for smaller communities, recognizing their financial, administrative and demographic realities.

Recommendation 4:

Deliver targeted funding to all local government as direct allocations.

- Provide advance payments to municipalities facing urgent liquidity issues.
- Leverage the administrative structure of the federal Gas Tax fund that is already in place to expedite the rollout of funding dedicated to aid in the recovery efforts.

Rural Broadband

The Canadian Radio-television and Telecommunications Commission (CRTC) has declared broadband internet to be a basic telecommunications service. Reliable broadband is necessary to maintain the health, safety and well-being of those living, working and travelling in rural and remote areas. Municipalities know that broadband is essential in boosting the economic and social well-being of rural communities. Never has the need for reliable access to broadband been more apparent than during the COVID-19 pandemic. Without reliable broadband, many rural residents could not use technology to stay connected to for work, education and to access healthcare.

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 the inability to access 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 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 and providing reliable download and upload speeds in rural areas. Major investments are needed to ensure all Canadians have even a basic level of service.

SARM appreciates that funding will be provided through the Universal Broadband Fund, 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 continue to support the Federation of Canadian Municipalities' (FCM) request for the federal government to invest at least \$400 million per year over 10 years to improve connectivity for municipalities.

RECOMMENDATION 1:

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

- Invest at least \$400 million in rural broadband per year over 10 years, taking into consideration the funding potentially saved when virtual delivery of key government funded services such as education and healthcare services becomes a reliable option.
- Use service reliability as a performance measurement in addition to using service availability as a measurement.
- Provide additional supports for funding applicants who may have more limited resources than larger, more established applicants.

- Collaborate with provinces and territories on a plan for service that takes each province's population and geography into account. Each province has a different definition of "rural" that must be recognized. Collaboration will ensure that the benefits of investments in rural broadband are maximized.

Carbon Tax and 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. The introduction of carbon pricing in Saskatchewan has increased costs for producers, firms, businesses, and ratepayers. In addition to existing challenges, the COVID-19 pandemic has had damaging effects on the agriculture sector which is an economic driver of many rural municipalities in Saskatchewan.

Unfortunately, despite exemptions carbon tax exemptions on some farm fuels, 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 troubling as Saskatchewan producers have been early adopters of technologies that reduce greenhouse gas emissions. For example, most Saskatchewan crop land is "zero till," this means that our producers use 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 research, the SSCA has found that over 28 million acres, Saskatchewan producers sequester 9.64 million new tonnes of carbon dioxide every year. This research is backed by 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.

We understand that the federal government has begun consultation on protocol development for a federal greenhouse gas offset system and we believe that given the positive impacts of sequestering carbon, carbon credits should be made available for agricultural producers. Saskatchewan producers feed the nation and the world and the last several months have illustrated the importance of a local, reliable food supply. To continue to provide a reliable source of high-quality food, producers must remain competitive. The carbon tax threatens that competitiveness. Carbon credits would not only help offset the burden of carbon tax but would help to strike an appropriate balance between environmental protection and economic growth.

RECOMMENDATION 2:

- That agricultural producers are recognized for their role in carbon sequestration and receive carbon credits to offset the impacts of the carbon tax.

Infrastructure Funding for Rural Saskatchewan

Rural infrastructure projects, including roads and bridges, are vital for the sustainability of rural communities. Industries and people living and working in rural municipalities depend on access to reliable, 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.

Sound asset management practices to identify, maintain and replace municipal infrastructure are vital and federal investment in municipal asset management programs, including those with climate change considerations is welcome. SARM appreciates that in 2020, Canada's Core Public Infrastructure Survey included rural municipalities with at least 500 residents, however we continue to highlight that many bridges and other infrastructure is found in rural municipalities with even smaller populations. The responsibility for local infrastructure that supports larger investments in the provincial and federal economy is falling primarily on municipalities and their ratepayers and unfortunately, communities with small populations have limited access to tax dollars and funding based on per-capita models.

SARM is appreciative the funding made available through the Investing in Canada Infrastructure Program; the cost share between federal, provincial and municipal governments to replace rural municipal bridges and the recognition of the challenges faced by municipalities with populations under 5000 through the increased cost-share percentage (40:60). Funding available to small communities under the Green Infrastructure Fund was also appreciated. However, rural municipalities continue to experience challenges with current federal infrastructure funding programs that impede access to dollars for important infrastructure projects.

RECOMMENDATION 3:

- Ensure a pool of funding that is truly dedicated to rural and small communities, while allowing for flexibility to meet the needs of each province and territory.
- Allocate funding for programs and projects that capitalize on investment from multiple parties and technologies to reduce the costs of delivering services.
- Allow provinces to reallocate public transit funding to be used by communities of all sizes in Saskatchewan to address infrastructure deficits.
- Streamline project application and reporting requirements for smaller communities, recognizing their financial, administrative and demographic realities.

COVID-19 Economic Recovery for Municipalities

The recovery from the fiscal impacts of COVID-19 will be challenging for municipalities across the country. The COVID-19 pandemic has emphasized the unique economic challenges that rural and small communities face but has also shown that those municipalities can be drivers of economic

recovery in the months and years ahead. Federal support to build safer and more resilient communities has never been more important as municipalities provide vital services to residents every day. Providing municipalities with adequate funding is critical to ensuring municipal government's ability to protect and assist the families living in their communities. SARM appreciates that the federal Gas Tax allocation was accelerated and provided in a single payment in 2020 to help recover from the COVID-19 pandemic. SARM supports the Federation of Canadian Municipalities (FCM) recommendation that the federal government deliver targeted operating funding to local governments using a federal Gas Tax Fund (GTF) style allocation formula. SARM appreciates the federal government's contribution to the Safe Restart Agreement with the provinces to support municipalities with COVID-19 operating costs for the next six to eight months and would encourage continued targeted investments.

RECOMMENDATION 4:

To support rural municipalities in Saskatchewan, SARM recommends that the federal government:

- Deliver targeted funding to all local government as direct allocations.
- Provide advance payments to municipalities facing urgent liquidity issues.
- Leverage the administrative structure of the federal Gas Tax fund that is already in place to expedite the rollout of funding dedicated to aid in the recovery efforts.