

Presentation Notes to the House of Commons Standing Committee on Finance

Thursday, October 5th – 9:00-10:30 a.m.

**Ray Orb, President
Saskatchewan Association of Rural Municipalities**



Good morning and thank-you for the opportunity to address the Committee today.

I am Ray Orb, President of the Saskatchewan Association of Rural Municipalities (SARM).

For those unfamiliar with us, the Saskatchewan Association of Rural Municipalities (SARM) is the independent association that represents all 296 rural municipalities (RM) in Saskatchewan.

Our Members are encouraged by the constructive dialogue that the Government has committed to, focused on assisting families and farmers in Saskatchewan with infrastructure funding required to maintain and grow our strong communities.

SARM has a number of recommendations for the Federal Government to consider that will enhance the economy and support growth in Saskatchewan.

Our recommendations will improve access to services in rural areas and they will support the ability of residents, businesses and communities contribute to the Canadian economy.

The initiatives are attainable and they will help grow the economy while supporting environmental sustainability.

I believe that our recommendations will truly assist families and communities across Saskatchewan, further improving quality of life for all.

To question #1 posed, "What federal measures would help Canadians generally – and such specific groups as the unemployed, Indigenous peoples, those with a disability and seniors – maximize, in the manner of their choosing, their contributions to the country's economic growth?"

Mutual Aid Agreements & Emergency Response Fund

- o 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.
- o The municipality therefore, is reliant on service agreements with businesses, local landowners, parks, and First Nations.
- o 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 is in a loss position.
- o 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.
- To this extent SARM is recommending that the Federal Government 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.
- That Mutual Aid Agreements and Service Agreements, where services can't be exchanged, be made mandatory for both existing and newly named TLE/First Nations lands to ensure adequate funding is provided to the RM providing the service.
- Finally, a mechanism needs to be in place, such as an emergency response fund, whereby an RM can be assured of payment under both Road Maintenance and Mutual Aid Agreements or Service 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.
- SARM respectfully asks that through the new agreement between the Province and Federal Government be made available to municipalities.

To question #2 posed, “What federal actions would assist Canada’s businesses – in all regions and sectors – meet their expansion, innovation and prosperity goals, and thereby contribute to economic growth in the country?”

Agri-Stability

- o The middle class in Saskatchewan revolves around farming communities from across the province, especially in rural communities.
- o SARM believes that the middle class in SK would benefit from limiting the reference margins under the program which acts as a cap on agri-stability payments that has serious consequences for our producers.
- o SARM recommends that program coverage be returned to original levels, increasing coverage from 70% of the reference margin to 85% of the reference margin. This would provide relief to thousands of middle class families in SK and would make a difference as they work to balance their family budgets.

Agri-Invest

- o Needs to be put back to where it was before... now capped at 15,000.00 and account cap at \$400,000 now but that doesn't last long if crop failure is higher than \$400,000 you have in our account.
- o Large family farms that may have crop years in excess of \$400,000.00 may include multiple families which would be middle class. This program takes away ad hoc requests for disaster relief funding. A farmer can manage these themselves. Every farmer has opportunity to put money in to their cap.
- o There are lots of family farms that are incorporated because they are over a certain threshold with multiple owners; we believe these individuals should continue to fall under the definition of 'middle class' utilized by the Government in its programming.

Broadband

- o Rural broadband access in rural Saskatchewan has been an obstacle in economic development for local businesses.
- o SARM is thankful for the Governments' investment of up to \$500 million over five years to enhance broadband service in rural and remote communities.
- o Saskatchewan's rural areas are often left with subpar broadband access and there still remain areas with no service.
- o 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.

- o As more services are delivered online, the economic, healthcare and education opportunities seen in the urban areas are not received in the rural areas.
- o Examples of how the internet enhances productivity are through online transactions, accessing information, education offered online, seeking employment online and etc.
- o 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.
- o SARM asks that the Federal Government 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.
- o We also believe that increased collaboration between the Federal Government and each province and territory is necessary to come up with a plan for service that takes each province's population and geography; the definition of 'rural' is not the same across Canada.
- o Existing rules of broadband auctions and corresponding licenses need to be changed to ensure that rural areas in Saskatchewan receive better access to high speed internet and cellular data connectivity.
- o Finally, the Government can 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.

Species at Risk Act (SARA)

- o SARM agrees with the intent of the SARA however it currently is not functioning as intended.
- o The restrictions placed on producers go so far as to severely restrict normal day to day operations of farming and/or ranching without providing adequate compensation.
- o SARM would like to see exemptions created for these normal activities as they are part of farming and the way of life for many middle class families.
- o The farms are also integral to the local economy as well as the economies of Saskatchewan and even Canada.
- o SARA has very stringent monetary penalties that would be difficult for any producer to pay and it even includes the possibility of jail time.
- o SARM believes that those that purposefully violate and harm the environment should face the appropriate penalties however currently SARA does not take into account incidental take.
- o Incidental take should recognize that there are some activities that may inadvertently harm a species at risk and the producer should not be at fault.

- o Furthermore, producers are experienced stewards of the land and many wish to help species at risk.
- o In the event that they voluntarily preserve land for a species at risk that producer should be compensated for the opportunity cost of not farming that land.
- o When producer led initiatives are created they are often very successful and SARM would like to see more collaboration between producers and all levels of government. (SODCAP)

To question #3 posed, “What federal measures would ensure that urban, rural and remote communities throughout Canada enable residents to make their desired contribution to the country’s economic growth and businesses to expand, prosper and serve domestic and international customers in order to contribute to growth?”

Public Industry Partnership Program – PIPP

- o The benefits of economic growth in our country can best be realized if industry has access to adequate roadways to access the supplies and people it needs to prosper and move its product to market safely and efficiently.
- o Rural municipalities (RM) are unique compared to other municipalities in that they have small populations, large land bases, and a growing responsibility for the Province’s exports.
- o Limited public funds and a growing demand for infrastructure investment to accommodate economic growth have renewed an interest in cost-sharing opportunities.
- o The partnership model taken by the Public Industry Partnership Program (PIPP) has already proven a successful means to better utilize government funding by securing investment from the private sector for infrastructure that it needs to increase its profits and, ultimately, its contributions to the Canadian economy.
- o The Program seeks to address current funding-related gaps in delivering resource roadway infrastructure in RMs across the Province by securing a portion of the NBCF funding committed to the Province to be dedicated to rural resource road projects.
- o The Province of Saskatchewan fully supports this program and, with Federal approval, is prepared to allocate \$39.3 million of PTIC funding to match its own \$39.3 million contribution to PIPP.

Next Phase of Infrastructure Funding

- o In addition to funding available for programs that help utilize the scarce infrastructure funding more efficiently, there are some things we’d like the Government to consider in the development future infrastructure funding.
- o We are pleased with the pots of funding anticipated under the next round of infrastructure funding, including the addition of the ‘Transportation’ pool of funds.
- o We believe that the key strategic priorities for trade-enabling public infrastructure in your province/territory which would facilitate the efficient (and innovative) and reliable movement of goods within Canada and to global markets are better

access to national rail lines via road network and shortlines, development of more pipelines to transport goods currently using rail and roads, as this would increase capacity of existing rail and road infrastructure for goods that can't be transported by pipeline, and the creation of strategic primary weight road and bridge corridor.

- o It would make sense that clear goals for each pot of funding be established and a funding model that maximizes those goals should be implemented.
- o For example, cost-sharing models employed under Phase II should vary depending on which level of government a particular project is a priority for.
- o In the case of a Federal priority project, tied closer to federal long-term planning than PT or municipal), clean water provision, waste and waste water disposal, infrastructure to support economic drivers or access to indigenous communities, the funding model should be 50% Feds, 25% Provincial, and 25% Municipal.
- o Where a project is of municipal priority under a Federal Program then the municipal portion would increase to 35% and provincial portion would decrease to 15%. These priority projects tied closer to municipal long-term planning than provincial or federal, where a more expensive option (based on life-cycle costing) for a project is sought based solely on local preference, where the project increases existing level of service for ratepayers for non-essential services, where project benefits only a local economic driver.
- o Additionally, while we are appreciative of the Small Communities Fund, we believe that the definition of 'small communities' as a population under 100,000 doesn't meet its goals well in our Province given all but the 2 largest cities can draw funding from this pot.
- o If there were to be a second SCF we would suggest a threshold of 4,999 with the existing categories of eligible projects retained and short-line rail infrastructure included.

Disaster Financial Assistance Arrangements (DFAA) and Natural Disaster Mitigation

- o Providing municipalities with adequate funding to mitigate and recover from a natural disaster is critical to ensuring that municipal governments are able to protect and assist the families living in their communities across Saskatchewan.
- o Many areas of Saskatchewan have already been victim to climate change related disasters such as flooding, drought, tornados, and, more recently, earthquakes.
- o When disaster strikes, it's important that critical road infrastructure is still useable to enable business to transport goods in and out of the province.
- o SARM recommends that the Federal Government undertake a thorough review of the DFAA guidelines, with input from the provincial and territorial governments to ensure compensation rates for use of public equipment are comparable with the eligible rates for private contractors and damages from 'frost boils' and severe wet spots are covered under the program.
- o Maybe more importantly, SARM is requesting funding to municipalities for disaster related mitigation and recovery to ensure the continued survival and livelihood of our communities.

Conclusion

- o These initiatives are realistic and they will help grow the economy while ensuring environmental sustainability. Whether it is the need for stable farm income support to assist middle class families in Saskatchewan, disaster assistance to help the most vulnerable or, increased infrastructure investment to help employ First Nations in our communities, and ensuring the consistent and reliable movement of grain across the prairies to get our exports to market, we look forward to a continued dialogue to help support families and communities in Saskatchewan.

In closing, the Saskatchewan Association of Rural Municipalities (SARM) believes that infrastructure, the quality of life in rural communities and agriculture are the main areas in need of federal support.

Thank-you for the opportunity to appear before this Committee.

Additional information requested on SARM's position on the carbon tax:

- SARM supports the goal of reducing CO₂ emissions to mitigate climate change and preserve the environment. However SARM is not supportive of a unilaterally imposed carbon tax
- SARM would like to see consultations on this policy issue.
- It is important that if there is a carbon tax there needs to be an exemption for farmers. Such an exemption needs to be compared to a potential revenue stream through a carbon offset program. Any exemption must consider all farm inputs, not just fuel alone.
- While the carbon tax will be passed onto consumers where possible, agriculture producers across Canada will be forced to absorb the cost in their bottom line. They have no ability to pass on that cost.
- The Saskatchewan Minister of Agriculture Lyle Stewart has highlighted the fact that average sized producers of 2,500 – 3000 acres could see an annual tax of \$10,000 (based on \$40/ton).
- Producers in Saskatchewan, through carbon sequestration, remove 8.75 million new tons of CO₂ each and every year. This is the result of 23 million acres (2011 Census) of minimum or zero till crop management in Saskatchewan.
- That is the equivalent of taking 1.83 million cars off the road.
- If emitters of greenhouse gases are penalized through a carbon tax, it is reasonable that those who are removing greenhouse gases through carbon sequestration or capture should be compensated in equal measure.