



SASKATCHEWAN ASSOCIATION OF RURAL MUNICIPALITIES

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Executive Summary

The House of Commons Standing Committee on Finance is asking for recommendations relating to federal program spending in the 2012 federal budget. The Saskatchewan Association of Rural Municipalities (SARM) believes that transportation infrastructure and the agriculture industry are two areas in great need of federal support.

SARM is an independent association, which represents all 296 of Saskatchewan's Rural Municipalities (RMs). Membership is voluntary and our strength comes from our membership whose collective voice guides us on policy.

The issues that are of greatest importance to SARM members are issues that impact the quality of life and productivity of industry in rural communities. Industries thriving in rural areas include natural resource industries, manufacturing companies and agriculture. These industries depend on access to reliable and well-designed road infrastructure that will allow them to efficiently reach their suppliers/markets.

Rural communities need federal funding to improve local infrastructure that connects rural industries to the larger primary highway system. Federal funding is also required to improve north/south road corridors and ports that allow Canadian industries to access United States (US) market opportunities.

Municipalities are also facing a regulatory road block when building roads and bridges. *The Navigable Waters Protection Act* (NWPA) adds unnecessary costs to road and bridge construction projects because of its outdated definition of "navigable water". Conducting a review of this legislation and enacting relevant amendments will not cost the government but will act as an economic driver in regions across Canada.

Agriculture also continues to be one of the driving forces behind the livelihood of rural communities across Canada. Funding earmarked for programs that support our agriculture industry (primary production and value added) remains of great importance.

SARM would therefore like to advocate that the following 3 recommendations be given priority when determining allocations for the 2012 Federal Budget:

- 1. Infrastructure funding to be earmarked solely for rural communities so rural projects are not competing with cities and towns for the same funding package. Federal funding should also be allocated to improve north/south road corridors and ports that allow Canadian industries access to US market opportunities.**

The Federal Government should consult directly with groups like the Federation of Canadian Municipalities and SARM when designing the new municipal infrastructure program for 2014 which will replace the Building Canada Fund.

- 2. Review of the *Navigable Waters Protection Act* should take place with the end goal of changing the definition of navigable water.**
- 3. Increased funding for agriculture via Growing Forward 2 programming to ensure that the programs offered under the current Growing Forward are modified and improved in ways that help improve the competitiveness and success of Canada's agriculture sector.**

Road Infrastructure

Rural Canada houses the industries that fuel growth in the rest of Canada. The natural resources, energy, agricultural products and raw materials extracted from rural areas now make up 50 per cent of Canada's exports. This generates positive economic benefits to all levels of government through the revenues they generate, the people they employ, and the taxes they pay.

These industries depend on rural roads for safe and efficient transportation of required materials and in transporting their goods to market. If these rural roads are not maintained and replaced to a safe and reliable standard then businesses, local, provincial and federal governments will feel the negative impacts. Without adequate funding rural communities are less likely to be able to supply safe and efficient infrastructure to support these economic drivers.

In Saskatchewan alone, it was estimated in 2008 that approximately \$567 million over the next 15 years would be required to replace and repair the rural bridge system and \$225 million per year would be needed to maintain and replace rural gravel roads. Increased allowable truck weights is a factor compounding these costs because many rural bridges and roads can't carry these weights and have to be upgraded. This is a very significant infrastructure investment and Saskatchewan rural municipalities (RMs) can't afford to fund it on their own. Federal and provincial funding will be required.

Another gap SARM feels should be addressed via federal investment would be making improvements to the north/south highway corridors and access to ports bordering the US. According to Statistics Canada, total Canadian Exports to the US in 2010 totaled \$299 million and total US exports into Canada totaled \$255 million. Improving the efficiency of Canadian trade corridors with the US will benefit all industries in Canada.

SARM recommends that the Federal Budget include funding that is earmarked solely for rural communities so rural projects are not competing with cities and towns for the same funding package. Federal funding should also be allocated to improve north/south road corridors and ports that allow Canadian industries access to United States market opportunities.

SARM recommends that the Federal Government consult with groups like the Federation of Canadian Municipalities and SARM when designing a new municipal infrastructure program for 2014 to replace the Building Canada Program.

The Navigable Waters Protection Act

Another roadblock facing rural road construction has to do with regulations stemming from the *Navigable Waters Protection Act* (NWPA). This legislation was enacted over 120 years ago when waterways were a primary means of transportation across our country. While transportation methods have evolved, this legislation has not and it now impedes transportation by both delaying and adding unnecessary costs to road construction projects.

The difficulty stems from how the NWPA defines "navigable water". It is generally interpreted in the Act as being any body of water on which a canoe can be floated. Municipalities are frustrated because they are being forced to build infrastructure necessary to accommodate public travel on bodies of water that have not seen a canoe in 100 years, if ever. In many cases, this means they are required to install abnormally large culverts or bridge structures where roads cross water and they must be large enough for a canoe to pass through. Municipal governments do not have sufficient funds to build infrastructure that long ago ceased to be necessary, but which is still required under the Act.

In 2008, SARM was invited to present to the House of Commons Standing Committee on Transport, Infrastructure and Communities regarding amendments to the NWPA. One of the most important recommendations presented at that review was with regard to changing the definition of navigable water.

Upon conclusion of the review, SARM was encouraged to see some amendments to the Act but were disappointed to see that the definition of navigable water remained unchanged. SARM continues to advocate that if the definition were modernized it would allow road construction to proceed in a timely manner without unnecessary costs while still ensuring safe and efficient navigable waterways for Canadians. It could also mean that many of the bridges that need to be replaced in the future could be done so with culverts at a much lower cost.

SARM's second recommendation is that a review of the *Navigable Waters Protection Act* should take place with the end goal of changing the definition of navigable water.

Conducting a review of this legislation and enacting relevant amendments will not cost the government but will act as an economic driver in regions across Canada. It will also ensure that federal infrastructure funding earmarked for municipalities is spent on actual road improvement costs that are necessary, not inflated costs to appease outdated federal regulations.

Agriculture Programming

SARM's third recommendation is in regard to the agriculture industry. The agriculture and agri-food sector is a very important source of economic activity in most provinces across Canada. In fact, it plays the largest role in Saskatchewan, accounting for nearly 13% of the provincial Gross Domestic Product in 2008. Likewise, Saskatchewan agriculture and agri-food processing contributes 12.7% to the total Canadian agriculture and agri-food processing sector. In addition, in 2008 the sector accounted for the largest share of Saskatchewan's provincial employment at 18%.

Adequate federal funding has to be allocated to this valuable sector through the programs being designed under Growing Forward 2 (GF2). This suite of federally and provincially funded programs is to be implemented in 2013 and SARM has been involved in the consultations to date.

Through these consultations, SARM has suggested the continuation and expansion of important programs such as those pertaining to innovation, research and trade. Investing in new technology has to be ongoing to ensure that our research and innovation are allowing Canadian producers to be the most advanced when competing in foreign markets.

We also would like to see GF2 expand research capacity by increasing the research budget for agriculture, which would allow for the expansion and upgrade of research facilities. Cattle and forage research are two areas of agriculture that require more funding and attention under GF2.

GF2 also provides funding for Business Risk Management Programs that producers can access in difficult economic times. This includes programs like Production Insurance, AgriStability and AgriRecovery that are currently being offered under Growing Forward

These programs are critical safety nets for producers facing unpredictable economic circumstances. Market closures such as we saw when cattle producers were facing Bovine Spongiform Encephalopathy (BSE) and years with extreme weather events such as flood or drought are good examples of scenarios that demonstrate the great need for these programs to be well designed and fully funded.

Many parts of the Saskatchewan grain belt are feeling the effects of two to three times the normal yearly rainfall both in the spring and summer of 2010 and again in 2011. This has put many farms and small rural communities in peril.

In 2010, approximately 12 million acres of land in the province were unseeded or flooded and approximately 8 million acres went unseeded or flooded in 2011. The AgriRecovery program is designed to cover disasters like these but is currently slow to react and producers must wait months after disaster strikes to find out if and how much of an assistance payment they might receive.

These programs are currently being reviewed and SARM and other agriculture groups are suggesting improvements to these programs that will require federal funding. For example SARM has suggested GF2 provide more federal investment into the Production Insurance program by increasing its contribution to the premium and that it provide new funding for weather stations to improve the on-farm responsiveness of the program. We have also suggested simplifying the administration of programs like AgriRecovery and AgriStability to ensure that funding flows faster to producers facing extreme disaster and that more funding reaches producers instead of program administration.

SARM recommends that the Federal Budget focus on increasing funding for agriculture through the funding it provides to GF2 programming. Programs offered under GF1 should be modified and improved in ways that help improve the competitiveness and success of Canada's agriculture sector.