



FEDERAL BUDGET 2014:
Funding Priorities to Address the Needs of Rural Saskatchewan

August 2013

Submitted for consideration by The Saskatchewan Association of Rural Municipalities (SARM)



Executive Summary

Finance Canada is currently consulting with Canadians and stakeholders for recommendations relating to federal program spending in the 2014 federal budget. The Saskatchewan Association of Rural Municipalities (SARM) believes that, with targeted regulatory changes and re-alignment in funding, rural municipalities will be much better equipped to face their greatest challenge; deteriorating infrastructure.

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.

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 and markets. Targeted funding and regulatory changes by the federal government will help to improve this infrastructure and to create jobs and economic growth in rural communities.

Specific areas in which federal funding will be most beneficial include: 1) local road and bridge infrastructure that connects rural industries to the larger primary highway system, 2) ensuring broadband access for rural based industries and residents, and 3) funding for rejuvenating the existing Rural Secretariat.

In addition to targeted funding, there are regulatory amendments that the federal government can make that will act as an economic driver in regions across Canada, including in rural Saskatchewan. This would include considering amendments to the *Species at Risk Act* to ensure it isn't restricting our countries' agriculture industry from growing because of inadequate compensation for the efforts of agriculture producers to maintain critical habitat and the fear of fines for undertaking normal agriculture activities that may inadvertently threaten species at risk.

Federal Funding for Rural Municipal Infrastructure: A New Building Canada Plan

SARM was very pleased to see a New Building Canada Plan announced in the 2013 Federal Budget. The new 10 year program to be launched in 2014 is going to comprise a Community Improvement Fund including the Gas Tax Fund, New Building Canada Fund and P3 Canada Funding.

SARM is going to be looking to these programs to dedicate adequate, long-term, predictable funding to revitalize strategic pieces of economic corridors of rural roads and bridges. Rural communities across Canada are unique 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 government and private industries as local governments do not have the resources to fund essential infrastructure projects on their own.

Our currently thriving provincial economy, and the growth we are experiencing, can be largely credited to the fact that we have commodities that the world wants, being oil, potash and food. These commodities are sourced from rural Saskatchewan and providing the road and bridge infrastructure for oil, gas and potash is not a low-cost venture as they require access to fully functioning infrastructure 24 hours a day, 7 days a week.

Resource based industries, so vital to the Canadian economy and its growth, depend on rural roads and bridges 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 as well as, 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.

The cost of facilitating the growth occurring in the province has resulted in rapid increases in road maintenance and construction costs for rural municipalities. From just 2005 to 2008 the total expenditures on just road maintenance by rural municipalities went from \$170.6 million to \$242.3 million; an increase of 42% (an average annual increase of 14%). From 2009 to 2010 (2011 and 2012 data not currently available) rural municipalities spent 14% more on total transportation services, so the major cost increases continue. If the expenditure increases are extrapolated, the increase in just road maintenance expenditures alone has doubled since 2005.

In order to ensure continued benefits from this economic growth SARM would like to recommend that Federal Budget 2014 indicate the following rural infrastructure priorities:

- 1. The criteria of the New Building Canada Plan Programs need to reduce population thresholds that were employed in past funding programs, such as the Building Canada Fund – Communities Component to better represent the realities of small rural communities and ensure they are not competing with larger municipalities for the same funds.**
- 2. A portion of infrastructure funding that is delivered through these programs should be earmarked solely for rural communities so rural projects are not competing with cities and towns for the same funding package.**

- 3. SARM recommends that the P3 Canada Program needs to give more consideration in the eligibility criteria for less densely populated areas in rural Canada; thereby making it more easy to access government funding for such essential rural infrastructure projects. SARM believes that rural based industries such as oil and gas and potash would more seriously consider P3 funding if the program earmarked funding for rural based projects.**

Access to Rural Broadband

SARM continues to stress the need for improved access to adequate high-speed internet service in rural areas to expand the delivery of education, healthcare programming and to foster economic development opportunities. Rural residents and businesses can't afford to have their communications options limited in an era where technology and effective communication greatly depends on access to reliable high-speed internet.

SARM has concerns regarding the Federal Government's November 2013 auction of 700 MHz bandwidth in Saskatchewan and the implications it could have for residents and businesses located in rural areas. The 700 MHz spectrum is able to cover much more territory from a given tower making it more cost effective to provide advanced wireless services, even in less populated areas.

Our specific concern is that the current rules of the auction will allow companies to buy the license to use the province-wide Saskatchewan 700 MHz band with no intention of ever deploying it in rural areas. The existing rules allow this to occur because the auction has combined urban and rural coverage areas so when large national bidders purchase the spectrum rural goes along with urban coverage and in many cases the rural spectrum remains unused. We are asking them to introduce rules to ensure that adequate rural spectrum can be accessed by service providers who are indeed willing to bring service to rural Saskatchewan.

SARM recommends that the existing rules of the 700MHz broad band auction be modified to ensure that any rural spectrum left unused by a service provider after 2 years of them acquiring it be able to be accessed by service providers who are indeed willing to bring service to rural Canada. Ensuring rural access to broadband should be indicated as a priority to ensure continued economic, healthcare and education opportunities in rural Canada.

SARM also understands that a process will be undertaken next year to determine how the 2500 and 3500MHz bandwidths will be distributed or sold. These are also critical bandwidths providing service to rural Canada and therefore SARM would like to see the same "use it or lose it" principal (as indicated above) be implemented when such a negotiation is undertaken.

Rejuvenating the Mandate of the Rural Secretariat

Since 1998 the federal Rural Secretariat has been providing a lens by which federal policies and programs were vetted to ensure they were responding to the needs of rural communities. We are also aware that the Rural Secretariat is one of the federal programs that lost funding and staff as a result of the federal deficit reduction initiative.

SARM recognizes that the current structure and mandate of the Rural Secretariat needs to be rejuvenated to ensure it was still effectively communicating rural needs. Both the Federation of Canadian Municipalities (FCM) and SARM had

requested in the past that a better resourced and empowered Rural Secretariat be implemented in the future. We would therefore encourage the federal government to ensure that the Rural Secretariat concept not be abandoned but instead revitalized.

Rural Canada generates 13 percent of Canada's GDP and over 50% of Canada's exports come from rural Canada. Rural communities are supporting Canada's resource based industries including fisheries, forestry, the energy sector, agriculture and tourism; all industries critical to the economic success of this country. Therefore, SARM believes there is a big role for the federal government to play in ensuring rural needs are met and thoroughly considered when policy decisions are made.

Rural Canada is making its contributions to Canada's success therefore ensuring their interests are still thoroughly considered in Ottawa should remain a priority for this country.

SARM would ask the federal government to assist the Rural Secretariat by ensuring it has a louder voice within its department and adequate fiscal capacity and staff to effectively advocate the rural voice throughout all federal government departments.

Changes to the Species at Risk Act

SARM is concerned that the current implications of the current *Species at Risk Act* (SARA) could result in stifling the growth and prosperity of Canada's agriculture industry and is therefore encouraging changes to that legislation.

SARA currently indicates that it is an offence to damage or destroy the residence of one or more individuals of a species that is defined as either endangered or threatened via SARA. The Act refers to such practices as "incidental take" which is the disturbance or destruction of such habitat. When species at risk make their homes on agricultural lands normal agriculture activities can unintentionally threaten those species at risk. This would include activities such as seeding, harvesting, cutting hay and grazing pastureland. These are all activities necessary for an agriculture producer's livelihood that may inadvertently result in incidental take of species at risk that, in some cases, a producer may not even be aware of. Currently SARA could make a producer legally responsible for such inadvertent actions resulting in financial penalties upwards of \$250,000 and/or prison terms. SARA needs to ensure it adequately weighs the cost/benefits of adding new species to SARA because of its implications for the livelihood of agriculture producers.

When SARA proposes the addition of terrestrial species that make their homes on either crop lands or pasture lands it needs to be recognized that this will cause hardships for agricultural producers, as they will be pressured to modify their current practices to ensure habitat is maintained to house these species. This will mean setting aside land that normally could generate farm income to ensure the species at risk is adequately housed. Most producers are willing to help preserve species at risk, but bear in mind that dedicating land to habitat comes with a cost; i.e. preserved land will not generate revenue and land taxes must still be paid. SARM believes that producers that remove private land from production to house species at risk should be automatically compensated.

SARM would like to request the Federal Government to amend the SARA to ensure that:

- 1. The cost/benefit of adding new species to SARA; ensuring the legal and financial implications for agriculture producers and health and safety implications for rural residents are seriously considered.**



2. That normal agriculture activities be made a permanent exception to SARA to ensure agriculture producers aren't legal liable for inadvertent incidental take.
3. Except in circumstances where the agriculture producer enters into an agreement with SARA to maintain the species at risk habitat in exchange for compensation that is automatically provided and adequate.