RMA
RURAL MUNICIPALITIES of ALBERTA

RMA Submission

2024 Federal Budget

About the RMA

The RMA advocates on behalf of Alberta's rural municipalities. RMA's members consist of 63 municipal districts and counties, five specialized municipalities, and the Special Areas Board. While villages and small towns are spread across rural Alberta, these are considered urban municipalities and are not represented by the RMA. The RMA's 69 members have several common traits: large land masses, small populations, and a lack of a traditional "population center." RMA members provide municipal governance to approximately 85% of Alberta's land mass; Alberta is unique in Canada in that municipalities govern land throughout the entire province; from border to border. For more information on the unique size and role of Alberta's rural municipalities, read RMA's report on the topic.

This Submission

RMA's 2024 federal budget submission is divided into four themes:

1. Rural Connectivity
2. Resilient Rural Communities
3. Support for Rural Infrastructure
4. RCMP Retroactive Pay

Each theme will include background information, specific budget-related action items, target ministries, and an explanation of why it is important to rural municipalities.

It is important to note that not all funding priority issues for RMA member are included in this submission. This represents a cross-section of the wide range of important budget-related issues that impact rural municipalities.

Theme 1: Rural Connectivity

Highspeed internet is critical to modern life, regardless of where a Canadian lives. Highspeed internet is about much more than recreation, although this is certainly an important item. Internet is critical for building businesses, engaging in the digital economy, and maintaining a quality of life that has come to be expected. Rural Canadians have long known they receive slower internet speeds at higher prices than their urban neighbors. However, the COVID-19 pandemic demonstrated this digital divide when hundreds of thousands of rural Albertans were required to work and learn from home.

The need to address this gap appears to be well known to the Government of Canada. This is supported by the goal of providing access to 50 megabits per second (MBPS) download and 10 MBPS upload speeds to all Canadians by 2030. To achieve this, the Government of Canada has made $2.75 billion in funding available through the Universal Broadband Fund (UBF). In addition to the UBF, the Government of Canada has used grant funding in the past to fund broadband projects, such as Connecting Canadians ($500 million), Connect to Innovate ($585 million), and the CRTC's Broadband Fund ($750 million).

To better understand the digital divide in Alberta RMA is conducting an internet speed testing project. This project allows RMA to demonstrate the current state of the internet in rural Alberta. In 2022, 10,000 tests were run within RMA member municipalities, in addition to over 15,000 tests in 2021. The median speeds reported from these tests are 15 MBPS download and 2 MBPS upload. This is considerably less than half of the 50/10 goal.

While the various programs above represent significant investments in broadband, the ongoing lack of highspeed internet in much of rural Alberta, as demonstrated by RMA's speed testing project, suggests they have not been effective in directing funding to areas where it is most needed. Program design will be important to ensure funding goes to those areas that are hardest to serve, and therefore least likely to become served by the private sector.

Action items

- Maintain commitment to fully fund the UBF over the next several years.
- Ensure broadband funding programs are designed in a way that addresses the urban-rural digital divide, acknowledging that rural areas are underfunded and underserved and will need a dedicated funding stream.
- Evaluate UBF applications to ensure funding is being directed to areas with the poorest connectivity levels, and to determine if additional funding for the UBF is necessary to fill in the remaining gaps in broadband service.

Target ministries

- Innovation, Science and Economic Development
- Ministry of Rural Economic Development

Why it is important?

The importance of highspeed, reliable, and affordable internet is likely to continue to grow. From increasing use of the internet for existing activities such as working from home, recreation, and connected buildings to emerging activities like tele-health, it is critical that all Canadians can participate. While previous federal

investments have been well-intentioned, they have clearly not been effective in closing the rural connectivity gap in many areas of Alberta, and an improved approach to distributing funding is needed.

Theme 2: Resilient Rural Communities

As the frequency and severity of natural disasters continues to rise, rural municipal infrastructure has become increasingly vulnerable to climate-related damage. Not only does such damage result in massive costs to replace infrastructure, but also impacts economic growth, community safety, and the natural environment through supply chain disruptions, reduced accessibility to emergency services and displaced populations, and downstream impacts. Addressing climate risks by retrofitting existing infrastructure and implementing new adaptation measures poses an additional burden on the limited financial capacity of rural municipalities, particularly as they manage such a large amount of infrastructure, much of it in isolated areas. Rural municipalities cannot shoulder the cost of adapting to climate change alone. Climate change adaptation is a shared responsibility among all orders of government and will require a long-term commitment to action.
An Insurance Bureau of Canada (IBC) news release states that insured damage for severe weather events across Canada reached $2.1 billion in 2021, according to Catastrophe Indices and Quantification Inc. Notably, the IBC has reported that six weather events in Alberta are among Canada's top 10 highest loss years on record since 1948. These weather events include the 2016 Fort McMurray wildfire, 2012 Slave Lake fire and windstorm, and the 2020 Calgary hailstorm.

Further, with the recent wildfires in much of Alberta, and the subsequent drought which followed, there is a clear need for mitigation and adaptation measures. These risks are not localized to Alberta and will require significant investment from all levels of government.

Climate adaptation and resiliency has become an important pillar in the Government of Canada's environmental plan. In 2018, the Government of Canada launched the Disaster Mitigation and Adaptation Fund (DMAF), investing $2 billion over 10 years in structural and natural infrastructure projects to increase the resilience of communities that are impacted by natural disasters triggered by climate change. In Budget 2021, an additional $1.375 billion in federal funding over 12 years was announced to renew the DMAF. Starting in 2021, the DMAF funding will have two streams, with $670 million allocated to the small-scale project stream (project costs with total eligible costs between $1 million and $20 million) and the remaining funding allocated to the large-scale project stream (projects with total eligible costs of $20 million and above).

While the DMAF is an effective program to support large-scale climate mitigation projects, its value to small and rural municipalities is limited. As many rural municipalities lack the capacity and expertise to secure federal funding through a competitive application-based program, much of the funding is distributed to urban areas and provincial governments. Additionally, the DMAF's requirement that eligible projects include a minimum of $20 million in eligible expenditures combined with 40% federal cost-sharing on municipal projects means that small municipalities cannot access funding for low-cost, locally significant projects through the DMAF. The creation of a new component of the DMAF that provides funding strictly for rural communities and utilizes a much lower project expenditure threshold and higher federal cost-share contribution will help empower local leaders in communities of all types to adapt to climate change.

Action items

- Commit to developing a new component of the DMAF that provides funding strictly for rural communities and utilizes a much lower project expenditure threshold and higher federal cost-share contribution will help empower local leaders in communities of all types to adapt to climate change.
- Develop strategies and programs to support rural municipalities in making informed decisions related to mitigating disaster risk through infrastructure planning and investment. This could include:

- Invest in local mitigation programs which include participation from provincial, regional, and local partners, to support rural communities in better mitigation risks associated with flooding.
- Provide funding to FireSmart to map wildfire risks in rural communities and increase funding support for community wildlife mitigation projects.

Target ministries

- Environment Climate Change Canada
- Infrastructure Canada
- Emergency Preparedness Canada

Why it is important

It is likely that the frequency and severity of natural disasters will increase and working with municipalities and communities to mitigate impacts before they occur is not only more efficient but will also raise community-wide awareness of how to plan for mitigation, both in terms of public property and among private property owners. Because the capacities of municipalities vary so widely across Canada, program design must ensure that small and rural municipalities have an opportunity to leverage federal support on smaller-scale mitigation and adaptation projects.

Theme 3: Support for Rural Infrastructure

Rural roads and bridges serve as important arteries to help Alberta's economy grow by connecting natural resources to national and international transportation corridors. This critical infrastructure provides the oil, gas, forestry, and agriculture industries with access to the natural resources that they depend on. The economic value of rural municipal infrastructure can be measured by the fact that 41% of Alberta's public and private investment, and 26% of Alberta's GDP is in rural Alberta despite having only 18% of Alberta's population.

Rural municipalities manage approximately 75% of roads and 60% of bridges in Alberta. This makes transportation and infrastructure a significant priority and expense for rural municipalities. Proper investment in Alberta's rural municipal transportation network benefits not only local communities, but also Alberta and Canada. Rural transportation systems are the first link for Alberta's resources in a global supply chain and it takes the collective efforts of all levels of government to work together to support a safe, reliable, and well-funded rural resource network.

Despite the importance of rural infrastructure in supporting Canada's economy, recent federal infrastructure programs treat rural infrastructure as an afterthought, with small portions of funding available for general rural support, with the majority being reserved for projects only feasible in large cities. To effectively recognize rural economic contributions and the importance of rural communities, the federal approach must treat rural infrastructure as unique. This approach would balance support for core rural infrastructure such as roads and bridges with recognition that rural communities are interested in pursuing innovative approaches addressing climate change, connectivity, and other emerging challenges in a way that aligns with the capacity and geographic realities of rural areas.

Action items

- Allocate funding for a Canada-wide rural infrastructure funding program that supports investment in core infrastructure such as roads and bridges while also allowing rural communities to invest in innovative capital projects that work in a rural setting.
- Develop an infrastructure fund which uses a rural definition more aligned with rural populations to reduce the competition for major grant funding.
- Design all infrastructure funding with a rural lens, considering the capacity for grant writing and submissions, as well as the costs to the municipality to apply.

Target ministries

- Infrastructure Canada
- Ministry of Rural Economic Development

Why it is important

As rural municipalities are responsible for a disproportionate share of the province's roads and bridges which significantly contribute to Alberta's and Canada's economic growth, it is crucial that this infrastructure is recognized as such. Failure to provide municipalities with the tools and resources to adequately build and maintain roads and bridges will not only have local consequences but lessen the benefits of large-scale investments in more notable trade and economic development-related projects.

Theme 4: RCMP Retroactive Pay

The RCMP wage negotiations have impacted rural municipalities greatly. The federal government negotiated a collective agreement with the RCMP, however they did not consult local municipalities. As a result, municipalities with a direct RCMP policing contract are now responsible for the six-year agreement which includes three years of retroactive pay. It is estimated that municipalities will need to pay an approximate 23.7% increase in wages over the six-year agreement. While municipalities that receive local policing through provincial police service agreements are not directly impacted, they will likely face similar increased costs or reduced service levels through downloading from the provincial contract holder.

The RMA has advocated to both the provincial and federal government that the responsibility to fund the retroactive pay must not be passed on to municipalities, especially since municipalities did not have a seat at the negotiating table. Municipalities are unequipped to absorb such immense costs without decreasing service levels or restructuring their budgets at the detriment of the community.

As the sole negotiator and signer of the agreement, it should be the responsibility of the federal government to absorb all costs associated with the retroactive pay agreement.

Action items

- Absorb all retroactive costs associated with implementation and ensure that municipalities are consulted on measures that will impact local fiscal sustainability and the ability to maintain policing service levels.
- Ensure all future contract negotiations, involve the provinces in the process as contract holders.

Target ministries

- Ministry of Finance
- Ministry of Public Safety

Why it is important

Rural municipalities have small populations, but vast areas to steward and protect. With this in mind, it is important to note that payment of the retroactive RCMP salaries will place many municipalities at a significant disadvantage. In order to pay for these costs, municipalities will be forced to cut services and potentially lose staff members. With rural municipalities already running as lean as possible, these cuts will have drastic impacts on the community. It is critical that moving forward the federal government takes on the payment of any and all retroactive RCMP payments and ensure that any future negotiations involve those who will be paying the costs.