



FEDERATION
OF CANADIAN
MUNICIPALITIES

FÉDÉRATION
CANADIENNE DES
MUNICIPALITÉS

A THRIVING RURAL CANADA

RIISING TO THE MOMENT IN FEDERAL BUDGET 2016



On February 18, the Federation of Canadian Municipalities (FCM) released *Cities and Communities: Rising to the Moment*, our recommendations for the 2016 federal budget. This is a bold plan to build Canada's future by investing in our communities from coast to coast to coast.

The upcoming federal budget has the potential to be transformative for rural Canada. Canadian voters have endorsed a sweeping communities-first agenda, and municipalities are ready to partner with the federal government to deliver results.

Our proposals move quickly to create local jobs and growth based on local priorities. In doing so, we'll also be building a strong foundation for long-term prosperity and more livable communities in every region of this country.

To reach its nation-building potential, new federal investments must benefit communities of all sizes—delivering results for all Canadians. Through FCM, rural communities have come together to give voice to their priorities, diverse and shared.

A thriving Canada needs a thriving rural Canada. This document highlights key recommendations from *Rising to the Moment* to strengthen Canada, community by community.

INVESTING IN RURAL COMMUNITIES

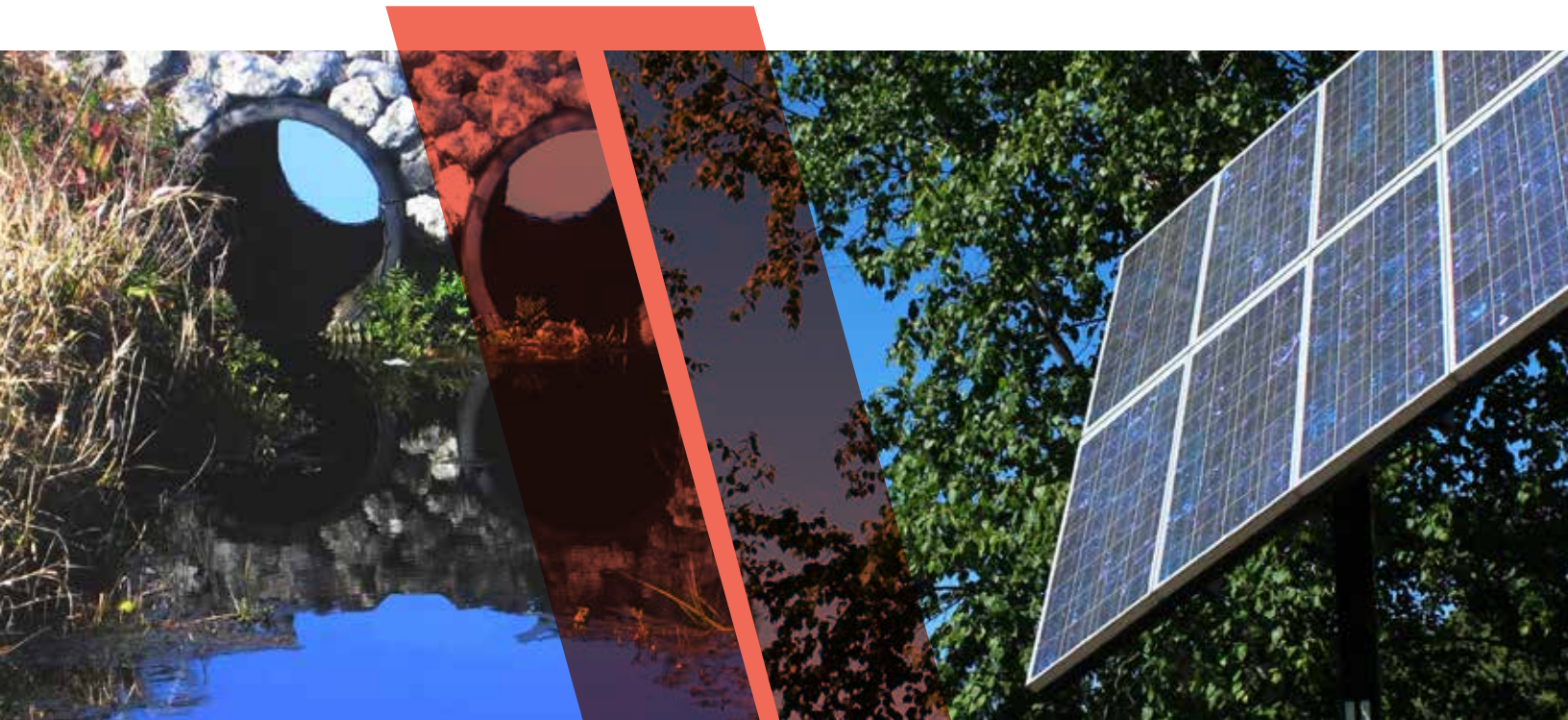
Rural communities are essential to Canada's economic, social and environmental health—generating 30 per cent of GDP in sectors like agriculture, manufacturing, transport and tourism. But smaller communities also face formidable challenges providing the public infrastructure that sustains these local economies and vibrant ways of life.

Rural communities need dedicated, predictable funding to improve roads, bridges, water systems, recreation facilities and other public amenities. At the same time, as federal social housing operating agreements expire, we must confront the housing affordability crisis that confronts rural and small communities across Canada.

With a willing federal partner, local governments are ready to go with projects that respond to local needs and realities. This is an opportunity to create jobs in a period of slow growth, boost productivity, and build livable communities that can retain and attract the talent rural Canada needs.

OUR RECOMMENDATIONS INCLUDE:

- **Double federal investment in the Small Communities Fund**, building on this proven New Building Canada Fund (NBCF) mechanism to support locally-prioritized rural infrastructure projects.
- **Optimize the Small Communities Fund for rural Canada** by empowering provinces and territories to lower the 100,000 population threshold to better reflect the size of communities in their jurisdictions, as determined in consultation with their municipal associations.
- **Invest in recreation and cultural facilities** that can be vital community hubs in rural areas—through a new merit-based program within the proposed Social Infrastructure Fund and by expanding NBCF eligibility to include such projects.
- **Support rural affordable housing solutions**, starting by protecting federal social housing investments and accelerating investments in the capital repair and renewal of affordable housing.
- **Accelerate wastewater upgrades** by ensuring that eligibility for new Green Infrastructure Fund investments includes upgrades to wastewater treatment facilities and defective septic systems in rural areas not served by municipal facilities.



FLEXIBILITY FOR RURAL COMMUNITIES

With access to just 8-10 cents of each tax dollar, local governments shoulder nearly 60 per cent of Canada's public infrastructure. They also face increasingly complex additional responsibilities—from public safety management to climate change adaptation and a growing array of community services.

All of this fuels a fiscal squeeze that can reach extremes in rural communities with lower ratepayer densities, often compounded by youth out-migration.

The good news is that these municipalities have an exceptional track-record of assessing local priorities and delivering effective solutions. That's why predictable investment tools like the Gas Tax Fund have worked so well: they empower local governments to do what they do best.

What these municipalities don't have is flexibility to deal with financial and administrative bottlenecks. To get projects moving, they need new flexibility from our federal partner—flexibility that recognizes rural expertise and rural challenges.

OUR RECOMMENDATIONS INCLUDE:

- **Make green infrastructure investment work for rural Canada** by ensuring project eligibility includes rural priorities—such as stormwater management (including culvert replacement); drinking water, wastewater and septic system upgrades; and extreme weather adaptations.
- **Increase the federal contribution to at least 50 per cent of total project costs**—for all existing cost-shared infrastructure programs—recognizing local governments' limited fiscal capacity.
- **Eliminate fund stacking restrictions that punish smaller communities**, empowering local governments to get more infrastructure projects moving faster by pooling multiple sources of federal funding.
- **Adopt predictable funding mechanisms** to deliver new investments in green, social and transit infrastructure (modelled on the Gas Tax Fund), recognizing local governments' expertise in assessing local priorities and solutions.
- **Transfer uncommitted funds in existing application-based federal infrastructure programs** directly to municipalities through temporary top-ups of the federal Gas Tax Fund.



OUR RURAL VOICE IN NATION-BUILDING

Local governments foster economic growth, create livable communities and help keep us safe from crime and natural emergencies. In so many diverse ways, municipalities are guardians of everyday economic and social life in this country.

Rural municipalities, in particular, serve millions of Canadians living and working in vast expanses of territory from coast to coast to coast. They face unique dimensions of national challenges, like the deepening housing crisis. And they are at high risk from emerging threats, including local consequences of increasing climate change.

At this moment when the federal government has committed to community-building as nation-building, rural municipalities must be full partners in plotting the path forward. It will take continuous dialogue to build Canada's future—with durable growth and more livable communities. Through FCM, rural Canada will continue to have a full seat at the table.

While this dialogue must be expansive and long-term, we have also highlighted indispensable points of federal engagement with rural communities for the coming year.

OUR RECOMMENDATIONS INCLUDE:

- **Incorporate the perspectives and needs of rural municipalities in developing a national housing strategy** that includes a long-term and predictable funding plan, with the goal of ensuring housing that is affordable in communities of all sizes.
- **Work with FCM on effective strategies to expand broadband access**, aiming to close the economically damaging urban-rural gap, alongside the CRTC's review of basic telecommunications services for all Canadians.
- **Ensure a truly national and functional Public Safety Broadband Network** by consulting rural communities in its design, governance and implementation.
- **Engage local governments on expanding national disaster mitigation strategies** to cover the full spectrum of disaster risks, including drought, forest fires and emerging consequences of climate change.
- **Launch a review of changes to the Disaster Financial Assistance Arrangements** to prevent an unfair burden from being placed on municipal resources during the recovery from disasters.

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