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Rural challenges, national opportunity

Shaping the future of rural Canada





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Introduction

Rural communities are essential to Canada's prosperity and to the Canadian experience.

People are drawn to the vast landscapes, small-town friendliness and quieter way of life that small communities can offer. And in the age of online connectivity, rural Canada is becoming more desirable for business investment. The combination of affordable land and improved broadband access means people can work from anywhere—and increasingly they are choosing rural communities.

Still, with limited fiscal capacity, rural governments face formidable challenges providing the infrastructure that's needed to build the communities of the future. Municipalities shoulder 60 per cent of Canada's public infrastructure, with access to just eight–10 cents of each tax dollar. This fuels a fiscal squeeze that peaks in rural communities with lower ratepayer densities and continuing youth out-migration.

Local governments have a strong track record of delivering remarkable, innovative and cost-effective solutions to local needs. What they do not have is flexibility to deal with financial and administrative bottlenecks when building better roads, wastewater treatment and other local infrastructure

projects. Predictable funding allocations, fair-cost sharing, flexible fund stacking rules, and streamlined administrative requirements are keys to getting projects moving in rural Canada.

With the right tools, rural governments are ready to build more livable and prosperous communities that can attract the talent they need to thrive well into the future. With smart decisions from the federal government, we can kick-start renewed growth and quality-of-life improvements in rural and remote communities across the country.

FCM: The national voice of rural Canada

FCM has been the national voice of municipal government since 1901. With nearly 2,000 member municipalities, we represent the interests of local governments on policy and program matters that fall within federal jurisdiction. FCM members include Canada's largest cities, small urban and rural communities, and 18 provincial and territorial municipal associations.

FCM's Rural Forum was established in 2001 with a mandate to advocate for rural communities and provide local governments in rural areas with greater access to FCM. The Rural Forum is made up of FCM member municipalities that are located in rural regions, along with urban communities with rural areas or significant rural interests.

The Rural Forum meets quarterly to identify and discuss issues of national significance for rural Canada, including rural infrastructure, rural economic development and broadband connectivity. Strengthened by the Forum's insight and leadership, FCM has in recent years secured unprecedented federal investment and influence for rural communities.

Rural leadership is shaping Canada

Rural communities play a crucial role in nation-building. Throughout this report, we profile rural communities that are showing leadership in shaping Canada's future. These communities have remained resilient, adapting to familiar challenges facing their communities—including aging populations, the closure of a major local employer, or limited access to the communications infrastructure that we all need to remain competitive.

These communities are putting forward innovative projects to tackle these challenges and continue to succeed in the 21st century. They represent the diversity of FCM's rural



membership, which includes towns, villages, counties and regional municipalities of various sizes from coast to coast to coast. Along the way, they partnered with stakeholders, neighbouring communities and other orders of government to turn their visions into reality.

That's why FCM continues to work with the federal government to champion rural issues. In this report, we offer recommendations for the federal government on how to support and grow rural Canada. We are working to ensure that federal policies and programs reflect rural priorities, so that we can scale-up local solutions and build more sustainable rural communities like those profiled in this report.

The state of rural Canada



Rural Canada is diverse

According to the 2016 Census, 90 per cent of Canada's municipalities are located outside census metropolitan areas (CMAs), and they are home to just over 10 million Canadians—almost one-third of the country's population¹. However, rural realities vary across the country.

Rural Canada is extremely diverse in terms of population size, density and degree of remoteness or proximity to urban centres. For example, a rural township of 11,000 in the Greater Toronto Area and a large municipal district of 13,000 in northern Alberta experience very different lifestyles, opportunities and challenges. Therefore, narrow definitions or a “one-size-fits-all” approach to rural policy will not work. Solutions to rural problems must reflect rural Canada's diversity.

Rural Canada is growing overall, but at a slower pace than Canada's CMAs. From 2001 to 2016, Canada's non-metro² population grew by 5.5 per cent, while Canada's overall growth rate was 16.9 per cent³. However, it's clear that rural Canada is not growing everywhere. Rural Canada is growing near cities, in cottage-country and other desirable retirement locations, in northern areas with higher Indigenous birth rates, and in a few areas with resource development on the rise.

We also know that Canada continues to rapidly urbanize. In fact, 13 of the top 25 fastest-growing communities outside CMAs were peripheral municipalities located within Statistics Canada's census agglomerations (CAs)⁴. These are areas that consist of neighbouring municipalities situated around a core of at least 10,000 people.

Rural Canada drives national prosperity

Rural communities make significant contributions to Canada's economic growth, employing over four million Canadians and generating 27 per cent of national GDP.⁵ Rural areas supply food, water and energy for rapidly growing urban centres and sustain industries that contribute to Canada's economic prosperity. Rural communities also provide important recreational opportunities for urban Canadians and international visitors.

Rural GDP growth by province or territory

	Share of GDP in non-metro area	Non-metro GDP growth 2011/16
Canada	27.1%	1.2%
Newfoundland and Labrador	52.6%	-6.5%
Prince Edward Island	100%	7.4%
Nova Scotia	46.2%	-3.0%
New Brunswick	58.5%	-1.6%
Quebec	29.9%	5.9%
Ontario	16.3%	-1.6%
Manitoba	34.2%	5.3%
Saskatchewan	49.5%	-1.1%
Alberta	29.9%	-4.5%
British Columbia	28.9%	10.5%
Yukon	100%	7.1%
Northwest Territories	100%	9.4%
Nunavut	100%	11.8%

(Statistics Canada, 2013, Statistics Canada, 2017)

Rural Canada continues to create jobs across different sectors of the economy, with job growth of over seven per cent over fifteen years from 2001 to 2016. In 2016, almost 23 per cent of Canadians worked in rural communities. Much of this job growth was driven by the health care and social services (37.4%) that support changing rural communities, construction (62%), and

1 Statistics Canada, 2017

2 In this report, metro Canada is defined as the area categorized as a Census Metropolitan Area (CMA) in the Statistical Area Classification (SAC) of Statistics Canada. A census metropolitan area (CMA) is formed by one or more adjacent municipalities centred on a population centre or core. A CMA must have a total population of at least 100,000 of which 50,000 or more must live in the core. Meanwhile, non-metro Canada is defined as areas that are not categorized as a CMA in Statistics Canada's SAC.

3 Statistics Canada, 2017

4 Statistics Canada, 2017

5 Note that the 2016 GDP of CMAs was not accessible at the time of publication. The latest CMA GDPs released by Statistics Canada are from 2013. Therefore, we used the number of employed people of a given economic sector in CMAs and in non-metro areas to weight the share of GDP that comes from the non-metro areas of a given province or territory, following Bollman and Ashton (2014).



Profile in municipal innovation: Baie-Saint-Paul, Quebec

In May 2005, the Town of Baie-Saint-Paul became the first municipality in Quebec to adopt Local Agenda 21, a sustainable development strategy for the 21st century that responds to local issues and recognizes the value of the community's cultural heritage. The plan incorporated the perspectives of community members, particularly young people, and the sustainable development principles adopted by 172 nations in the 1992 Rio Declaration.

The plan is based on four fundamental concepts: economic development, environmental protection, social equity, and cultural vitality. Baie-Saint-Paul's cultural policy and Local Agenda 21 have prioritized the inclusion of culture in land-use planning to develop a community that complements and respects its cultural and natural heritage. The Town is collaborating with local agricultural producers in implementing policies to preserve the Gouffre River basin and with the MRC de Charlevoix to preserve the region's natural environment.

This land initiative, support for cultural vitality in public spaces, and a policy promoting public arts have resulted in lively, attractive streets and spaces that have a strong identity. Ultimately, the Local Agenda 21 cultural policy has made culture an essential part of sustainable development and improved the appeal of the area for tourists, businesses and new residents.

professional, scientific and technical services (47.5%), mirroring the broad economic and demographic shifts experienced in Canadian communities of all sizes.

Rural employment in 2016

Sector	Number employed
Total employed, all industries, all Canada	18,079,900
Total employed, all industries, non-metro	4,113,000
Services-producing sector, non-metro	2,754,000
Goods-producing sector, non-metro	1,359,000
Wholesale and retail trade	639,400
Health care and social assistance	591,900
Manufacturing	485,500
Construction	406,200
Accommodation and food services	282,200
Educational services	245,500
Agriculture	234,300
Transportation and warehousing	214,200
Forestry, fishing, mining, quarrying, oil and gas	204,300
Other services (except public administration)	197,400

(Statistics Canada, 2017)

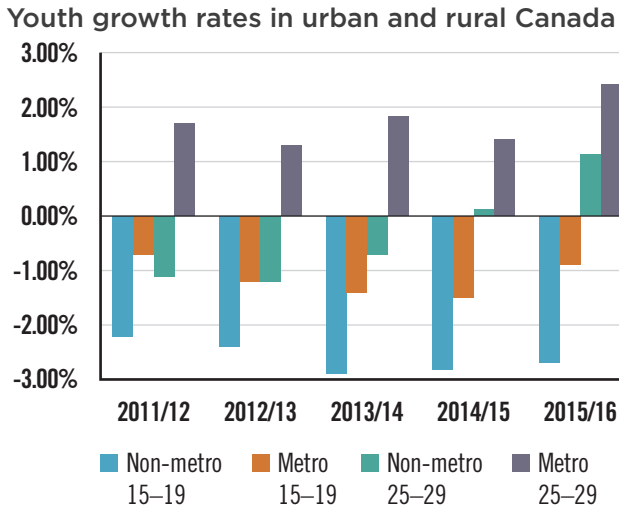
Rural Canada is changing

Rural municipalities are on the front lines of the demographic changes that have accompanied our increasingly urbanized and knowledge-based economy. For example, rural communities are attracting a growing number of retired Canadians who need access to a range of goods and services, such as preventative health and social services and seniors' housing. While the population of seniors aged 55 and older is increasing in both metropolitan and rural regions, smaller communities will have fewer resources to help.

Youth retention is also critical to ensuring the long-term economic vitality of rural Canada. However, limited services in rural communities and greater access to learning and employment opportunities in cities have drawn young people to Canada's metropolitan areas. In fact, the population of youth aged 15 to 19 in rural Canada declined by 10 per cent between 2011 and 2016⁶.

⁶ Statistics Canada, 2017

When young people finish training at Canada’s colleges and universities, they are less likely to seek employment opportunities in rural communities, where the population of youth aged 24 to 29 has grown just three per cent between 2011 and 2016⁷. Attracting more young and talented workers will be essential to ensure rural Canada continues to thrive.



As rural populations continue to age, these trends show that rural Canada’s workforce has decreased. Between 2001 and 2016, the number of potential workers has continuously decreased from 1,475,220 to 1,131,830 (-23.3%)—whereas the number of potential retirees has continuously increased from 1,015,940 to 1,701,540 (+40.3%). In 2001, there were approximately 1.5 potential labour market entrants for each potential retiree in non-metro Canada. By 2016, there were approximately 0.7 potential labour market entrants for each potential retiree⁸.



**Profile in municipal innovation:
Rural Halifax**

At 5,500 km², Halifax, Nova Scotia, is Canada’s largest municipality geographically—and has the largest rural share of total population (19.8%) among cities with a population above 250,000. However, its urban and rural communities often face very different challenges and opportunities.

To promote innovative solutions to these challenges and capitalize on opportunities, the annual Halifax Index now includes a “Rural Halifax Profile,” providing a tailored analysis of changing economic conditions. The Halifax Index is a definitive look at the city’s story—the strength of its economy, the health of the community, and the sustainability of the environment. It provides insights for actions that will strengthen and grow the city.

The Index also serves as the city’s report card on progress toward the goals set out in the Halifax Economic Growth Plan. It recognizes the intrinsic value of the rural-urban lifestyle in Halifax that few other big cities in Canada can offer.

⁷ Statistics Canada, 2017
⁸ Statistics Canada, 2017

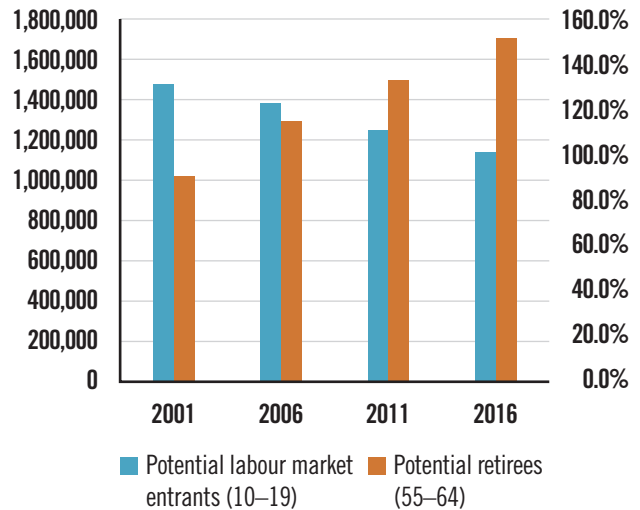


**Profile in municipal innovation:
Municipal Asset Management
Program**

Aging infrastructure, competing priorities and limited budgets. These are some of the challenges municipalities face in making infrastructure decisions today. FCM’s Municipal Asset Management Program (MAMP) is a five-year, \$50-million program designed to help Canadian municipalities make evidence-based infrastructure investment decisions that make infrastructure dollars go further.

Through flexible grant funding, communities can take on the asset management projects that matter most to them. The Town of Churchbridge, Saskatchewan, is using MAMP funding to better understand what it needs to do to maintain municipal buildings, roads, water and wastewater assets over the long term. A group of neighbouring municipalities, including two Rural Municipalities and three Towns, is working with MAMP to develop a common language and metrics that will help them plan for infrastructure investments that strengthen the region into the future.

Working age population in non-metro Canada



(Statistics Canada, 2017)

Rural municipal leaders are working hard to address this demographic shift. They recognize that strategies to promote economic development require new approaches to attract people to rural communities. To secure the talent and skills needed to generate local economic growth, these communities must attract and retain new residents, including young people, immigrants and Indigenous people. Retention requires having the right supports in place. For example, immigrants who find themselves unemployed or underemployed often turn to local governments for help, and whether they remain in the community depends on whether they find appropriate supports.

Municipalities are also working with other orders of government to attract and integrate newcomers by providing essential community services. These include libraries, public transit, child care, recreational facilities and, in some jurisdictions, affordable housing.

Rural Canada is raising capacity through partnerships

The most significant challenge facing many rural communities is limited financial and human resources. FCM research found that roughly 60 per cent of Canadian municipalities have five staff members or less. This lack of capacity is one reason why programs that succeed in urban communities do not necessarily work in rural communities. An important solution is to share tools and resources through partnerships with federal and provincial/territorial governments, Indigenous neighbours and other municipalities of all sizes. Programs must build on community priorities and offer flexibility

If urban centres are Canada's engines of growth, rural communities fuel these engines. Strong rural communities deliver significant advantages to Canada's rapidly growing urban centres, and rural leaders are partnering with their urban counterparts to drive regional economic development. We need to better understand the interdependencies between urban and rural Canada and how the health and success of one affects the other. Federal policies and programs must also adapt to the different realities in rural and urban areas and help facilitate regional partnerships.

Rural municipalities are also partnering with their Indigenous neighbours to better deliver essential services and advance reconciliation efforts. Municipal elected officials across rural Canada are increasingly speaking about the need for municipalities to support reconciliation with Indigenous peoples and governments to address complex socio-economic issues, often rooted in Canada's history of colonialism and the residential school legacy.

Positive relations between municipal governments and Indigenous governments rely on pragmatic cooperation, including service-delivery agreements, joint meetings and Indigenous representation on relevant boards and agencies. Municipalities may also



Profile in municipal innovation: Winkler, Manitoba

Winkler, Manitoba, is a 90-minute drive southwest of Winnipeg. The community has grown by three to four per cent per year over the past 12 years, evolving into the industrial and commercial centre for southern Manitoba. To help attract and retain residents, the municipality has played an active role in purchasing land for industrial development, providing business incubation space and increasing the stock of affordable housing.

Municipal leaders also work with local businesses and an immigration consulting company to aggressively recruit skilled workers from abroad and support their applications to the Manitoba Provincial Nominee Program. As a result, Winkler has welcomed new residents originating from 88 different countries and 29 per cent of residents in the most recent Census were foreign-born.

pair with neighbouring Indigenous communities to jointly pursue social and economic development opportunities.

FCM's award-winning Community Infrastructure Partnership Program (CIPP) and Community Economic Development Initiative (CEDI) are forging stronger and more productive relationships between municipal and Indigenous neighbours. These partnerships help reduce costs of providing services, enhance social and economic development, and build capacity within both Indigenous and municipal governments.

Shaping the future of rural Canada



The first half of this report reveals that rural communities are essential to Canada's prosperity, generating 27 per cent of national GDP—and significantly more in some provinces. But with limited fiscal capacity, rural governments face formidable challenges in providing the infrastructure and services communities need to grow and thrive.

Rural communities are forging partnerships with key stakeholders. Through FCM, they are also urging federal leadership to develop new programs and strategies to tackle rural challenges, recognizing these communities' unique needs.

Investing in the foundations of rural communities

Municipalities own nearly two-thirds of the core infrastructure assets—roads, bridges, water and wastewater facilities—that are critical to Canadians' quality of life and our country's competitiveness. Yet many rural municipalities with limited tax bases and capacity struggle to meet their infrastructure needs.

FCM's advocacy has driven major successes on behalf of rural communities, including an unprecedented 11-year infrastructure plan. The \$2 billion, 11-year Rural and Northern Communities Fund will support better roads and bridges, clean water, wastewater treatment and a full range of rural transportation needs.

In February 2018, the government announced an increase to its cost-share under the rural fund, stating it will fund up to 60 per cent of eligible infrastructure costs in communities under 5,000 people. Larger rural and northern communities will continue to receive funding for up to 50 per cent of eligible costs, or up to 75 per cent for projects in the three territories.

This is one example of how applying a “rural lens” to infrastructure program design and policy could make a big difference for small and remote communities. Getting this right would enhance rural economic development and community resiliency.

A rural lens would recognize rural Canada's diversity by ensuring that eligibility criteria for all infrastructure programs consider the breadth of priority projects in rural communities. It would serve less populated, more remote or more fiscally constrained municipalities. And it would incorporate project categories that would be eligible under the new fund for rural and northern infrastructure.

Streamlining the administration of infrastructure projects would help rural communities access funds efficiently and fairly. It would help municipalities leverage regional partnerships by providing the flexibility and support for rural municipalities to bundle regional projects and achieve economies of scale.

OUR RECOMMENDATIONS:

- ▶ **Apply a “rural lens” to eligibility criteria for all federal infrastructure programs to empower smaller communities to directly fund pressing local needs.**
- ▶ **Design future rural infrastructure programs to provide long-term predictable funding to support the capital priorities of local governments, with flexibility for eligibility thresholds to be negotiated between provinces/territories and their respective municipal associations.**
- ▶ **Continue federal engagement with FCM throughout the rollout of the Investing in Canada plan to ensure that rural communities have access to the right tools to transform their communities.**



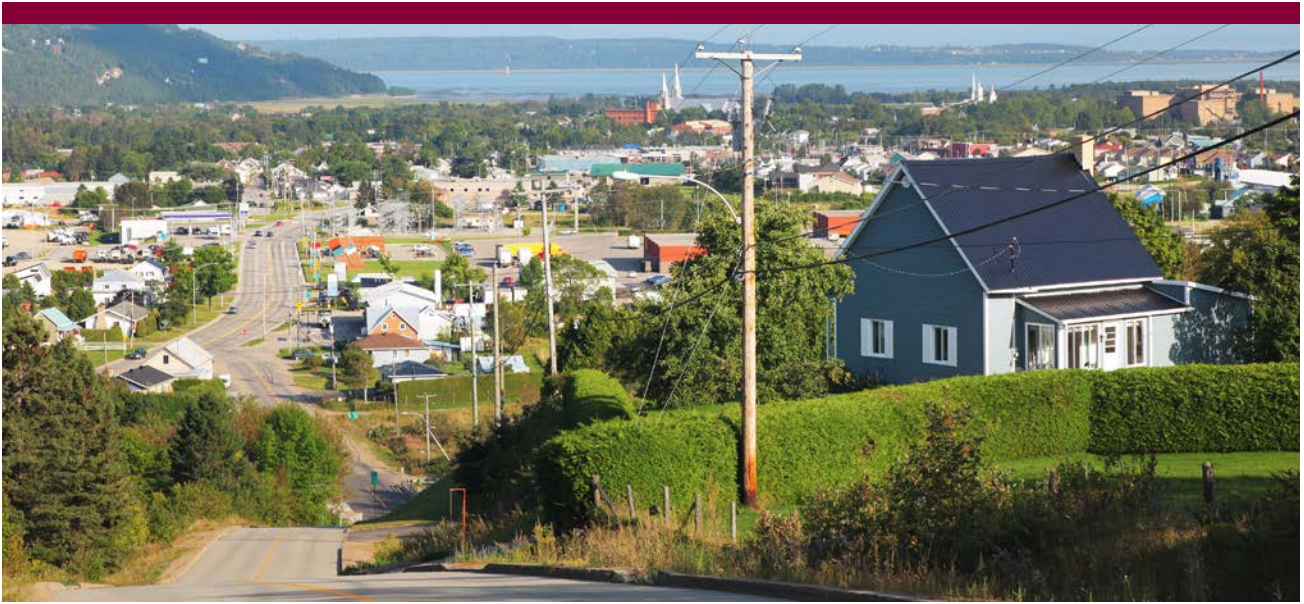
FCM's rural advocacy: a success story

FCM's strong advocacy has led to the biggest investment in rural infrastructure in a generation, including through the 11-year Investing in Canada infrastructure plan. The 2015 federal election strategy executed by FCM solidified the narrative that local governments are central to the success of our economy and country—and solidified FCM as our united national voice.

Post-election, FCM's Rural Forum remained focused on further developing and communicating rural community priorities through the *Action Plan for a Strong Rural Canada*. Our members—municipal leaders—met repeatedly with

MPs, made submissions and spoke to parliamentary committees. FCM forged deep relationships with federal decision-makers at every level, ensuring that our rural voice is strong in Ottawa and in every riding across Canada.

Turning the federal government's rural commitments into outcomes will require ongoing engagement with local governments, to leverage their local expertise and experience. Now is the chance for FCM's rural members to ensure that the federal government gets it right and structures infrastructure investments in a way that empowers rural communities.



Building next-generation telecommunications infrastructure

High-speed internet access is crucial to doing business and running local public services. In rural Alberta, municipalities say that local physicians have difficulty accessing health records and electronic data due to unreliable broadband at hospitals, clinics and patients' homes.

As one rural physician explained: “Unfortunately, there have been many situations where patient care could have been significantly improved if faster upload and download speeds were available. As a physician in a remote location, I rely on the ability to communicate with specialists, patient data, and evidence-based medicine data to provide comprehensive care for my patients.”

Through FCM's engagement in CRTC proceedings and with Innovation, Science and Economic Development Canada, rural municipalities in Alberta and across Canada brought national attention to this critical issue.

As a direct result of FCM's advocacy, the federal government recognized the importance of federal investments to improve broadband

coverage and capacity for rural communities. Since 2009, rural municipal leaders from across Canada helped secure over \$1 billion in federal broadband funding and played a critical role in persuading the CRTC in 2016 to declare universal access to high-speed internet an essential service.

This laid the groundwork for improved access to high-speed broadband across rural and northern Canada. Moving forward, it will be critical for the federal government to develop long-term funding mechanisms to continuously improve broadband coverage and capacity in Canada's rural and remote communities.

OUR RECOMMENDATIONS:

- ▶ **Commit long-term predictable federal funding to expanding broadband internet access in rural, northern and remote communities, and consult with local governments in developing funding programs and strategies.**
- ▶ **Consider affordability when developing broadband infrastructure, to ensure access for all Canadians, whether they live in large cities or rural, northern and remote communities.**



©Town of Faro

Profile in municipal innovation: Faro, Yukon

Since the abrupt 1997 closure of Canada’s largest lead-zinc mine, vacant company housing in Faro has been an ongoing safety problem and eyesore. Nearly 20 years later, 37 properties comprising 170 dwelling units remained abandoned—owned by a bankrupt corporation that once managed housing for mine workers and owed the town \$3 million in back taxes.

In January 2016, Faro’s mayor and council decided that dealing with the vacant housing would be their top strategic priority. Staff devised strategies and brought forward bylaws to take ownership of the properties through the tax arrears process. By the end of the year, the town had secured possession of all of the properties.

Most of the buildings are in a poor state of repair, and about half may ultimately be torn down. In cooperation with the Yukon

government, a community development team explored ways to fund hazardous materials assessments, renovation and energy retrofits. The town put the properties up for sale in July 2017. Twelve of the properties, comprising 36 dwellings, were sold by the end of the year for an average price of approximately \$4,000 per unit.

Sales agreements include property tax rebates and incentives to ensure that new homeowners renovate the houses within three years. Buyers foresee a burgeoning rental housing market due to significant mine remediation work that will bring jobs to Faro in 2019. New subdivision and zoning bylaws will also enable selling off single units of some multi-dwelling buildings. But with no prospect of selling all 170 units, the town is pressing the federal government to fund demolition and cleanup costs as part of their mine remediation obligations.

A housing strategy for rural communities

While Canada's housing crisis is commonly associated with our largest cities, rural communities across the country are also facing distinct and pressing needs. In fact, Statistics Canada's 2014 General Social Survey found that adults in rural Ontario were more likely to report experiencing homelessness or hidden homelessness than urban residents.

The launch of a 10-year, \$40 billion National Housing Strategy (NHS) in November 2017 will help address this growing challenge and re-establish federal leadership on housing. FCM pressed hard for this breakthrough, and four central NHS components reflect FCM's recommendations: social housing repairs; replacement of expiring rent subsidies for existing social housing; construction of new affordable housing; and a portable housing benefit. All four components will positively impact rural communities.

The NHS offers significant funding to support existing social housing—both the buildings and the low-income households who live there—in both large cities and smaller communities. The maintenance of aging social housing has been chronically underfunded, so the commitment to repairs will see closed units re-open, and those at risk of closing continue to serve low-income households, with essential repairs undertaken.

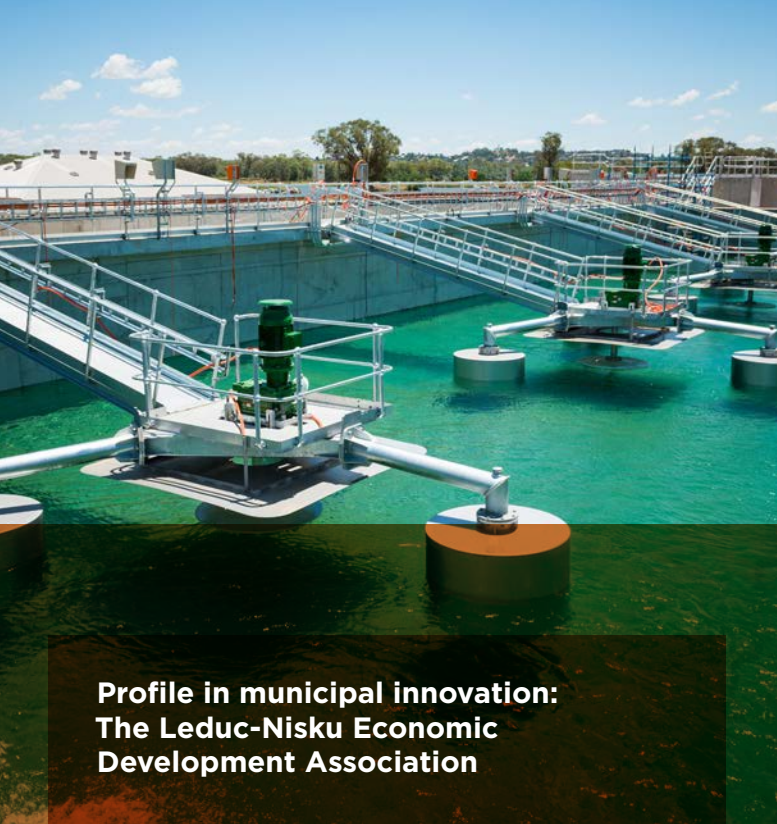
Preserving social housing is particularly important in small communities, which are less likely to have private market rental housing affordable to low-income households. The long-term rent subsidies that made social housing affordable to vulnerable households were set to expire when the NHS was announced. The commitment to replace those expiring subsidies assures that social housing will continue to be affordable in small communities.

For example, the Native People of Sudbury Development Corporation, which operates 11 social housing units in Espanola, Ontario,

Profile in municipal innovation: Eastern Ontario Regional Network

Launched in 2010, the Eastern Ontario Regional Network (EORN) seeks to meet the urgent need of rural communities for effective, faster internet. This \$175 million project, involving all orders of government as well as the private sector, was championed by the Eastern Ontario Wardens' Caucus. EORN now offers access to high-speed internet services to at least 95 per cent of homes and businesses in Eastern Ontario—a 5,500 km span with 160 access points.





Profile in municipal innovation: The Leduc-Nisku Economic Development Association

Central Alberta's Leduc Region features a growing, dynamic economy. The Leduc-Nisku Economic Development Association, a partnership of six local municipalities, has helped develop the region into a major industrial hub. Home to the largest developed energy services industrial park in Canada, this strategic location provides one of the most comprehensive and efficient multi-modal distribution systems in North America.

While the region owes its history to oil and gas development, decades of entrepreneurialism and investment have driven a diverse industrial economic base that contributes extensively to Alberta's GDP. Major sectors include energy services, advanced manufacturing, agri-business, transportation, logistics, and distribution, aerospace and aviation, and bio-industrial.

was scheduled to lose its rent subsidies in 2019. Their low-income homes were saved when the government announced that it would renew social housing rent subsidies.

Supporting new affordable housing construction through grants and loans with favourable terms will also benefit rural communities, especially because a key input—land—is generally less expensive than in urban areas. FCM is pressing the federal government for important details on this program so that small and large communities alike can start planning their projects.

The Canada Housing Benefit, which is part of the NHS, is planned for launch in 2020 and will be delivered by provinces/territories. This cash benefit will flow to as many as 300,000 low-income households facing housing affordability challenges. While we expect it to be available in rural and urban settings alike, it may especially benefit rural communities without non-market social/affordable housing. This program will be the first of its kind at a national level.

OUR RECOMMENDATIONS:

- ▶ **Ensure accessible funding through the National Housing Strategy so that rural communities can repair and retrofit their existing social and affordable housing.**
- ▶ **Ensure that new social and affordable housing is constructed at a scale that goes a meaningful distance toward meeting the housing affordability challenges of rural Canada.**

Connecting rural Canada to global markets

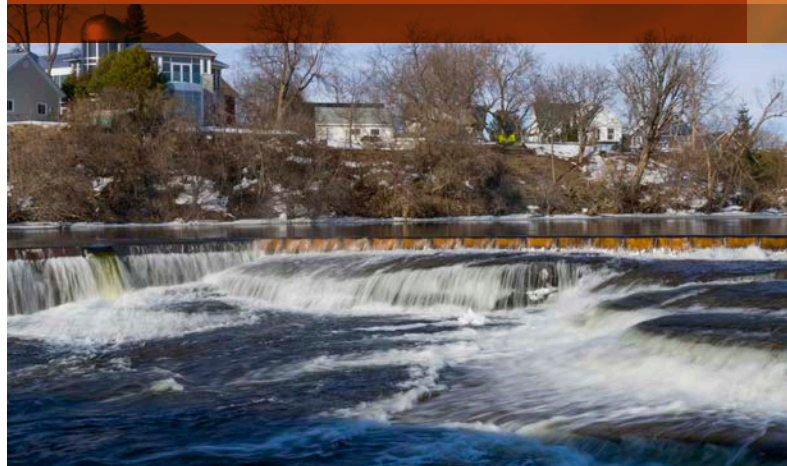
In April 2017, the U.S. imposed countervailing duties of between three and 24 per cent on Canadian exports of softwood lumber, citing unfair subsidies. The decision was the latest in a cross-border dispute over softwood lumber that has spanned decades. In response, municipal leaders from Quebec requested that FCM work with the federal government to support the interests of affected municipalities across Canada.

This and other trade disputes have had serious economic consequences for many rural communities, underscoring the need for the federal government to protect and enhance trade relationships that drive rural economic development. International trade strengthens Canada's economy, draws foreign investment to rural communities, and creates job opportunities across the country. Globalization has refocused all governments toward strengthening Canada's competitive advantage internationally.

All foreign direct investment is ultimately local investment. National governments play an important role in encouraging foreign direct investment, but those investments will inevitably be made in specific places under local jurisdiction. The investment environment of that community and the policies of that jurisdiction will inevitably shape a potential investor's decision.

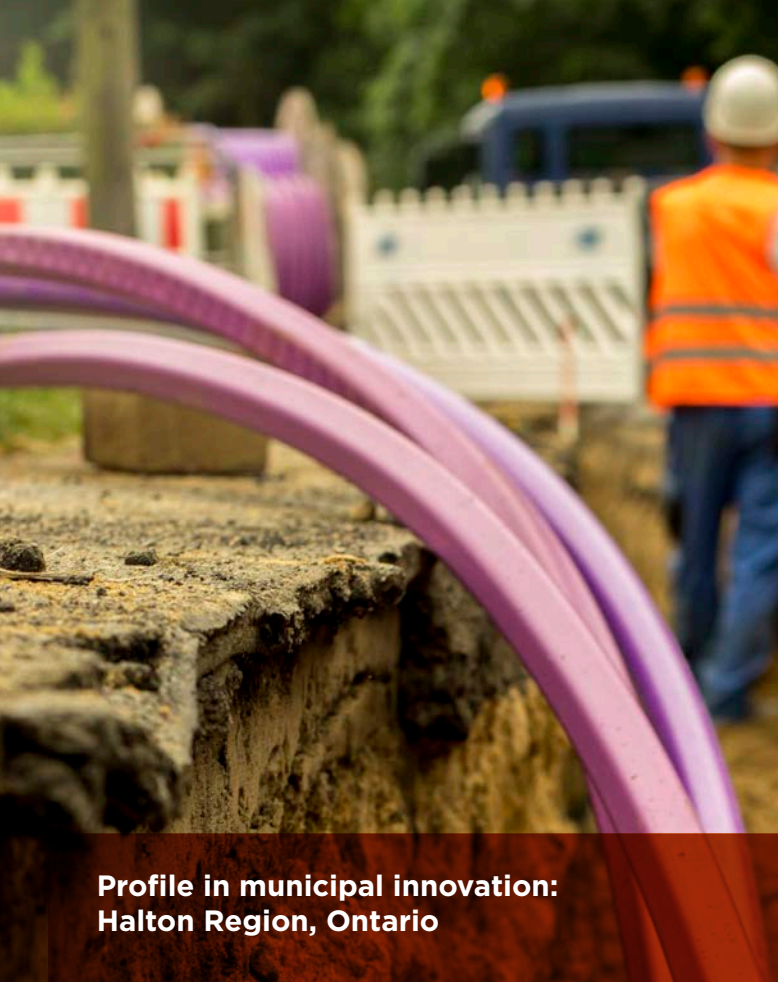
Building trade links with the world is a team effort that involves communities, the private sector and every order of government. Rural communities are ready to work with the federal government to explore and seize upon opportunities to draw foreign direct investment to Canadian communities and better link Canadian goods and services to world markets.

Profile in municipal innovation: FCM's Municipalities for Climate Innovation Program



Limited resources and technical expertise restrict the ability of a rural municipality to work on climate adaptation and improve the way it rebuilds following a disaster event. MCIP was designed with this in mind and offers a mix of financial and capacity-building support, which rural municipalities can access to enhance their climate resilience.

With financial support from MCIP, the Town of Carleton Place, Ontario, is preparing a water and wastewater resiliency plan to help prepare for the impacts of fluctuating precipitation patterns they are already experiencing. In 2016, the hot and dry summer led to Level 3 (extreme) drought conditions for the Mississippi River, the town's primary drinking water source. The low flow in the river also increased the risk of algae blooms, which can cause water treatment problems. The following year, the town experienced flooding from sustained rainfall, putting pressure on the wastewater treatment plant. Carleton Place's MCIP-funded plan will help the town reduce its vulnerability to these climate impacts, as well as identify approaches for maintaining levels of service during critical times.



Profile in municipal innovation: Halton Region, Ontario

The Halton Regional Police Service has announced plans to commission a public safety broadband network (PSBN) for day-to-day operations and emergency use. The first of its kind in Canada, this wireless data network will serve the needs of the Halton Police and, in the future, other first responders within Halton Region. Opening this network to other municipal services within Halton will ensure reliable “public safety grade” data access to regional subscribers.

Halton Region recognizes the need for predictable and reliable access to broadband data services, particularly in times of dire need—and has made great efforts to widen voice and data coverage throughout its urban and rural areas. Its initiative features a “Shared Core” model that enables other public safety agencies across Canada to leverage a hosted Public Safety LTE core. This offers significant cost savings for municipalities wishing to deploy private PSBN and will jump-start interoperability initiatives for mission critical data applications.

OUR RECOMMENDATIONS:

- ▶ **Prioritize the best interests of rural communities across Canada during trade negotiations with international partners, by:**
 - consulting with municipalities;
 - supporting communities affected by trade disputes;
 - ensuring any resulting agreement responds to local concerns on industries of strategic significance to a particular region, such as agriculture.
- ▶ **Support communities in attracting trade and investment to drive rural economies further.**

Federal-municipal partnership on trade promotion

Recognizing the important role communities play in Canada’s success in the global economy, Global Affairs Canada (GAC) and FCM continue to engage through the FCM-GAC Joint Working Group on International Trade (JWG). The JWG has a mandate to serve as a federal-municipal consultation mechanism on issues related to trade and investment.

Communities of all sizes across Canada can benefit from, contribute to, and work alongside the federal government on shared trade objectives. Recently, the JWG provided input as part of ongoing federal consultations on the North American Free Trade Agreement (NAFTA) renegotiations and the softwood lumber dispute. The JWG also offers opportunities to further enhance municipal knowledge of GAC’s trade and investment programs, services and activities.

Adapting to a changing climate

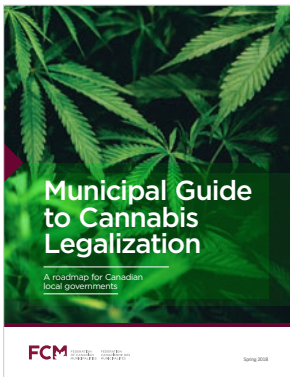
In the past year alone, rural Canada has experienced some of Canada's most damaging natural disasters, such as flooding in Ontario and Quebec and wildfires across western Canada. Meanwhile, municipalities like Sackville, NB, where rising sea levels are threatening the region's system of dikes, will need to make hard decisions in the near future to respond to new challenges presented by climate change.

Rural municipalities are acutely aware of the rising costs of responding to and rebuilding from natural disasters. They are on the front lines as new weather extremes cause property damage and economic disruption. Local

governments across rural Canada are demonstrating leadership by developing plans to manage risk and continue to deliver services in a world where many trusted system design approaches need to be revisited due to a changing climate.

Moving forward will require significant investment by all orders of government to ensure rural communities across Canada are resilient enough to withstand natural disasters and extreme weather. Through FCM, rural communities have come together to press the federal government to expand national disaster mitigation strategies. This should cover the full spectrum of predicted climate change impacts, going beyond flooding to include drought, forest fire and other potential impacts.

CANNABIS LEGALIZATION: KEEPING RURAL COMMUNITIES SAFE AND WELL-SERVED



When federal cannabis legislation comes into force in 2018, municipalities will be on the front lines of keeping citizens safe and well served. New local responsibilities for implementing, managing and enforcing this new reality will impose new costs. And rural and remote communities may face higher per-capita costs as they enforce bylaws and regulations in large, low-population areas.

From the earliest discussions with the federal Task Force on Cannabis Legalization and Regulation, FCM has been clear that the costs to implement and enforce the new cannabis regime should not, and cannot, be borne at the local level.

We advocated for one-third of cannabis excise tax revenues to be dedicated to municipalities to help cover all start-up and ongoing costs. FCM also maintains that other federal and provincial funding tools, such as the \$81 million federal program to train police and purchase equipment, should be used to support municipal costs. Our *Municipal Guide to Cannabis Legalization* offers a roadmap to tackling issues ranging from land use management to business licensing to workplace safety. It helps encompass the tremendous scope of work that legalization will represent for local government and offers tools for rural communities to get it right.



Improving site selection criteria for federal offices

In October 2016, Immigration, Refugees and Citizenship Canada informed its staff that it would be relocating its Vegreville, AB, case processing centre to Edmonton, costing the 5,700-person town more than 200 jobs. The town has argued this will have a major economic impact on the town and that the government has not presented a clear business case to justify the relocation, nor has it adequately consulted the community to understand its impacts.

In response to a resolution sponsored by the Town of Vegreville, FCM called on the federal government to improve its policy framework for the location, closure and relocation of federal facilities in rural communities through enhanced performance criteria and a mandate to consult the impacted community. FCM is also working with the federal government to ensure meaningful consultation with municipalities on the location of federal facilities and for decision-making to consider the unique circumstances and challenges in rural communities.

Municipalities across Canada are ready to work with the federal government to integrate climate change mitigation and adaptation goals into municipal development. With financial support from Infrastructure Canada, the launch of FCM's Municipalities for Climate Innovation Program is a welcomed commitment by the federal government to partner with us in meeting these challenges.

OUR RECOMMENDATIONS:

- ▶ **Expand national disaster mitigation strategies to cover the full spectrum of predicted climate change impacts, going beyond flooding to include drought, forest fire, and other potential impacts.**
- ▶ **Enhance federal funding for small disaster or extreme weather events so that communities of all sizes can recover and build back better.**

Promoting safer communities

As first responders in 90 per cent of all emergencies⁹, municipal governments play a critical role in public safety and emergency preparedness. Canada's rural communities, however, face acute challenges in responding to emergencies and building safer municipalities.

In many rural communities across Canada, residents depend on their local Royal Canadian Mounted Police (RCMP) detachment to maintain order and keep them safe. Unfortunately, attracting and retaining police officers remains a challenge for rural communities across the country. And as vacancy rates at detachments rise above eight per cent, municipal leaders are increasingly concerned and looking for urgent federal leadership to boost RCMP ranks in their communities.

Rural municipalities are working with limited resources to appropriately fund emergency

⁹ Federation of Canadian Municipalities, 2006



management systems. Residents must be able to rely on core municipal services during emergencies, but this requires collaboration among all orders of government—and the federal government must ensure that major response and recovery costs are shared.

Rural municipalities have worked with FCM to urge the federal government to expand federal disaster recovery and emergency preparedness programs. A comprehensive approach to emergency management involving all orders of government will allow Canadians to benefit from the best possible level of service, while reducing pressures on municipal budgets.

When municipalities must spend more money on policing, there are fewer resources available for public infrastructure, immigrant settlement, affordable housing, and other crucial services that contribute to building stronger rural communities. Canada needs a productive partnership on policing costs among all orders

of government to ensure that citizens will benefit from the best possible level of service.

OUR RECOMMENDATIONS:

- ▶ **Expand federal disaster recovery and emergency preparedness programs and implement a comprehensive approach to emergency management.**
- ▶ **Ensure that municipalities have the financial tools to cover the enforcement and administrative costs of cannabis legalization, including a one-third municipal share of revenues from the cannabis excise tax.**
- ▶ **Ensure that federal funding for municipal policing is provided on a fair, predictable and sustainable basis that allows local governments to plan and resource policing services to meet local needs.**



Demonstrating proactive leadership

In 2009, FCM released the report, *Wake-Up Call: The National Vision and Voice We Need for Rural Canada*. Our message was clear: rural Canada needs a federal champion and a long-term federal plan to reverse the decline in its struggling towns and villages.

In the wake of the elimination of the federal Rural Secretariat in 2013, FCM urged Ottawa to work in partnership with municipalities to develop a practical, accountable policy framework for rural Canada. We continue to call on the federal government to systematically elevate rural priorities—by working with FCM to explore a mechanism to ensure all federal policies and programs respond to the specific needs of rural communities in every region.

FCM also continues to work with the federal government to apply a “rural lens” to its programs and policies. This builds on our important

gains on cost-sharing for rural infrastructure projects and recognizes the fiscal limitations and sparse populations of rural communities. Getting this right will enhance rural economic development and community resiliency.

The federal government should also support research excellence and the continuous improvement of the “rural lens” through efforts to critically evaluate, share and scale-up best practices. This would involve cutting-edge research and analysis of economic and social issues affecting rural Canada.

The existing machinery of government provides multiple access points for FCM to engage federal policymakers and build a broader understanding of rural priorities. We’re looking to our federal partners to demonstrate proactive leadership in advancing these priorities across government and among federal decision-makers. This would ensure that the specific needs of rural communities



are considered in all federal programs and policies—rather than confining rural issues to “policy silos” or within a single federal department. In any scenario, it will be critical for the federal government to champion rural issues through an integrated, whole-of-government approach.

Finally, the federal government cannot develop new tools for rural economic development in isolation. Local governments are on-the-ground experts at identifying emerging rural challenges—and solutions. The federal government should provide a forum for rural communities and other stakeholders to support the development of innovative tools and programs. Federal policymakers should also bring together research partners from academia, municipal government and civil society to focus on enhancing knowledge about rural issues and to better inform policy-making.

OUR RECOMMENDATIONS:

- ▶ **Champion rural issues through an integrated, whole-of-government approach that ensures federal policies and programs reflect rural priorities.**
- ▶ **Develop a practical, accountable policy framework for rural Canada by applying a “rural lens” to federal programs and policies. This lens should recognize the fiscal limitations and sparse populations of rural communities, with the aim of enhancing rural economic development.**
- ▶ **Provide a forum for rural communities and other stakeholders to support the development of innovative tools and programs to address emerging issues facing rural Canada.**



Community-building is nation-building

A strong and prosperous Canada depends on a thriving rural Canada. Municipal leaders in small communities are tackling 21st century challenges—from economic growth and climate change to reconciliation and strengthening partnerships with Indigenous peoples.

We know that rural municipalities serve millions of Canadians living and working in vast expanses of territory from coast to coast to coast. Despite this important role, many local governments in rural Canada face formidable challenges. They must provide adequate public infrastructure—roads, bridges, water and wastewater facilities—while tackling emerging challenges like adapting to climate change or attracting international investment and newcomers. They do all of this with limited revenues and financial capacity.

Rural municipal leaders have the experience and know-how to build stronger communities and a better Canada. And FCM's Rural Forum is leading national advocacy efforts to ensure that rural communities have the tools they need to attract businesses and serve residents.

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. This work must happen in collaboration with all orders of government.

It will take continuous dialogue to build Canada's future—with durable growth and more livable communities. FCM is committed to this dialogue, because rural communities are at the heart of building a better future for all Canadians.





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