

Backgrounder: Municipal Infrastructure and Funding

Funding for Municipal Infrastructure	2
Broadband Connectivity	4
Municipal Development Costs	6

Funding for Municipal Infrastructure

Key Messages

SUMA is calling on the next Federal Government to:

Introduce a permanent infrastructure program that increases the overall amount of funding available and ensures funding is long-term, sustainable, and predictable. This allows communities to adequately plan for the future and use asset management practices that ensure the strong stewardship of public resources.

Background

Municipalities are on the front line of delivering programs and services, including critical pieces of infrastructure related to issues such as: water, wastewater, and solid waste utilities; transportation; public safety; and community and economic development. These are some of the most pressing challenges facing Canadians today.

Municipalities are continually affected by decisions made by provincial and federal governments. New regulations, taxation changes, and programming decisions all result in increased costs for municipalities. After decades of underinvestment, Canada's municipalities are facing a significant infrastructure deficit, including crumbling roads, rusting bridges and sewer systems, outdated water treatment facilities, and overcrowded public transportation systems.

Municipalities have neither the authority push these downloaded costs back to other levels of government, nor the fiscal capacity to pay for the increased costs of replacement. Municipalities rely almost exclusively on property taxes and grants to maintain their operations and infrastructure. They are responsible for approximately 60% of the public infrastructure in Canada, while collecting only approximately eight cents from every tax dollar paid in Canada. Without proper funding, the cost to build public infrastructure is downloaded onto the local taxpayer. For example, the City of Regina is currently contemplating an 8.5% increase to the mill rate and a 5.8% increase to the utility rate in the city's 2025 budget.

Municipal infrastructure development is a dependable way to have government expenditures that spur economic growth, improve the day-to-day life of Canadians, and provide a long and consistent effect on employment levels—all without spiking inflation.

Infrastructure projects have historically been cost-shared three ways between the federal government, the provincial government, and municipalities. This arrangement acknowledges the limited fiscal capacity of municipalities and the taxation benefits received by the provincial and federal governments as a result of increased construction activity.

The Investing in Canada Infrastructure Program has allocated all of its available funds, and a new program is needed. Any new infrastructure program should factor in inflationary pressures, and split those costs between all partners, rather than downloading the entire cost to municipalities. This position is only enhanced given the current global uncertainty facing us today.

Broadband Connectivity

Key Messages

SUMA is calling on the next Federal Government to:

Expand access to reliable high-speed internet for every Canadian and business in every community that meets or exceeds the CRTC's national standard for broadband connectivity of 50/10 Mbps. This can be accomplished by moving beyond funding broadband based on a percentage of population, and releasing the ISED \$37M Investment in Saskatchewan Broadband for local ISPs to continue with vital investment in broadband infrastructure.

Background

Saskatchewan faces a “digital divide,” with inequitable access to broadband across the province.

The Canadian Radio-Television and Telecommunications Commission's (CRTC) [national standard](#) for adequate broadband connectivity is that all Canadians homes and businesses should have internet speeds of at least 50 Mbps for downloads and 10 Mbps for uploads (50/10 Mbps). Download speed means how fast information is delivered to users from the internet, while upload speed means how fast information travels to you from the internet. Additionally, all Canadians should have the option of subscribing to an internal plan with unlimited data usage.

Internet speed is affected by conditions outside the control of individual users, including internet infrastructure such as phone lines, cable, fibre-optic lines, geostationary (GEO) satellites, and Low-Earth Orbit (LEO) satellites.

The Saskatchewan Broadband Action Committee (SBAC), of which SUMA is Co-Chair, is a cross-sector group of organizations and community development associations representing provincial, municipal, and First Nations and Metis organizations and networks. The SBAC reports a widening gap in broadband connectivity:

- *Lowest investment per capita:* Since 2015, Saskatchewan continues to receive the lowest per capita investment from the Federal Government (2.46% of total federal dollars) compared with federal broadband investments distributed across Canada.
- *Persistent digital divide:* The recent Federal Auditor's Report highlighted Saskatchewan's lagging position in terms of services for “rural and remote communities and First Nations.” A large portion of Saskatchewan's population lives in rural areas where there are shortcomings in connectivity.

- In 2021, 91% of Canadian households had access to high-speed internet, while only 59.5% of households in rural and remote areas and 42.9% of households on First Nations reserves had access.
- *Below national standards:* At the local provincial level, SBAC's 2022 Saskatchewan Broadband Survey, 53% of respondents indicated they ARE NOT or DO NOT have access to broadband 50/10 high-speed internet. *Among the lowest high-speed internet access:* As of September 2023 (according to CRTC data), Saskatchewan (81.5%) has the lowest high-speed internet access when compared with most provinces. Only Newfoundland and the Territories are lower.
- *No provincial plan:* Saskatchewan is currently the only province without a formal provincial plan or strategy related to improving broadband infrastructure.

Broadband connectivity leads to community growth and well-being. SBAC's 2022 survey found that the majority of respondents indicated that improved broadband would enable the following priorities within their community:

- Student learning and distance education (72%)
- Home-based and remote work opportunities (66%)
- Health care needs and services (62%)

In 2024, SaskTel announced that it will connect 10,000 homes and reach 85% connectivity across the province over the next 3-4 years. This includes \$440 million investment in SaskTel from the Universal Broadband Fund, and \$80 million investment from SaskTel. SaskTel's investments are key to improving broadband connectivity, however, the goal of 85% connectivity is a standard that most other provinces have already achieved.

Municipal Development Costs

Key Messages

SUMA is calling on the next Federal Government to:

Recognize that municipalities, in addition to private developers, play an integral role in smart, sustainable growth, which includes building/development permits, zoning, and infrastructure development. While communities can, and should, ensure that their systems are running as efficiently as possible, the federal government needs to understand and appreciate that these systems and the tools they employ, are essential to intelligent community planning.

Background

Municipalities play a leading role and act as the primary drivers in land-use and community development. Municipalities lead stakeholder engagement, planning oversight, infrastructure development and program/service delivery that make communities great places to live, work, and play.

By overseeing the engagement, planning, and approval process, municipalities ensure future development is in line with official community plans, zoning bylaws, and other applicable development regulations. Municipalities also ensure key components of infrastructure development like roads, water and wastewater, and utilities are in place to service the needs of new residential, commercial and industrial development. A thorough municipal planning process ensures future growth integrates as seamlessly as possible within the existing community.

The most important tools at a municipality's disposal for investing in future growth and recouping capital costs are development levies and servicing fees. These ensure developers (and passed onto residents and businesses) share in the cost for expansion/development that their subdivision will directly benefit from. Some of these capital costs may include, but not limited to:

- Sewage, water, or drainage works;
- Roadways and related infrastructure;
- Land for schools and parks; and
- Recreational facilities.

There is a very dangerous slope to deregulating and allowing any developer to do what they want. Long gone are the days when vacant lots were sold for \$1 (or subsidized well below market cost). Full lifecycle costs—which may include future expansion, growth, and disaster mitigation, among other factors—must be considered as part of the overall cost of municipalities' growth. New or upgraded infrastructure requirements cannot fall directly

onto the backs of existing ratepayers without causing substantial hardship. Going forward, growth needs to pay for growth – not be subsidized by existing residents.