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CANADA

BEYOND FREEFALL: HALTING RURAL POVERTY

**Final Report of the
Standing Senate Committee on
Agriculture and Forestry**

The Honourable Joyce Fairbairn, P.C.
Chair

The Honourable Leonard J. Gustafson
Deputy Chair

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Ce rapport est aussi disponible en français

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ORDER OF REFERENCE

Extract from the *Journals of the Senate*, Tuesday, November 20, 2007:

The Honourable Senator Gustafson moved, seconded by the Honourable Senator Eyton:

That the Standing Senate Committee on Agriculture and Forestry be authorized to examine and report on rural poverty in Canada. In particular, the Committee shall be authorized to:

- (a) examine the dimension and depth of rural poverty in Canada;
- (b) conduct an assessment of Canada's comparative standing in this area, relative to other OECD countries;
- (c) examine the key drivers of reduced opportunity for rural Canadians;
- (d) provide recommendations for measures mitigating rural poverty and reduced opportunity for rural Canadians; and

That the papers and evidence received and taken on the subject and the work accomplished during the First Session of the Thirty-ninth Parliament be referred to the Committee;

That the Committee submit its final report to the Senate no later than June 30, 2008; and

That the Committee retain until September 30, 2008 all powers necessary to publicize its findings.

The question being put on the motion, it was adopted.

Paul C. Bélisle
Clerk of the Senate

ACKNOWLEDGEMENTS

I would first like to express my personal thanks to my Senate colleagues, both the permanent members of the committee and those who joined us on occasion in Ottawa or in their home community when we were travelling to every province and territory across Canada to gather testimony for this report.

I also must thank all of the witnesses who appeared before us over the course of our study. Without people giving their expert advice, their personal stories and allowing us into their communities we would not have been able to produce such a robust report.

The quality of the evidence presented to us orally and in written submissions opened doors that can help the future of those who want to maintain their family presence on the land with a vigorous benefit to our country. They know that their words have been heard over the past two years.

We are enormously grateful to the Research Branch of the Library of Parliament and, in particular, those who have lived with our committee, Marc Leblanc and Marc-André Pigeon. Their work and advice was essential to the committee's completion of this report. I must thank Eric Mikkelborg for all his work, as the communications liaison, who's efforts allowed the public to see the committee's work.

Finally, I cannot find enough words to thank the Clerk of the Committee, Jessica Richardson, for her tireless effort in the organization of the committee's work here in Ottawa as well as the seven working trips across the country. Thank you as well to the Senate support staff and translators who assisted the committee in completing this study. Altogether, it has been a tremendous team, bonded to an issue of great importance in the future advancement of rural citizens in every corner of Canada.

The result of this report comes from the words and spirit of those whom we met and listened to in all our hearings over the past two years.

I know I speak on behalf of our entire committee in saying that it is our sincere hope that the government will lose no time in acting to implement or amend legislation in a variety of areas. We look forward to our opportunity to review the government's response to the recommendations of this comprehensive report.



Joyce Fairbairn,
Chair, Standing Senate Committee on Agriculture and Forestry

EXECUTIVE SUMMARY

With every new census, rural Canada's place in the national fabric seems to unravel a little more. The 2006 Census showed for example that rural Canada's share of the national population fell below 20%¹ for the first time in the nation's history, furthering a decline that has continued, more or less unabated, since Confederation. Given the seemingly unstoppable trend of rural decline and the poverty that so often is its cause and consequence, some have questioned rural Canada's continuing relevance. Commenting on the 2006 Census results which showed strong population growth in urban Canada, one columnist at a national newspaper wrote that the data demonstrate that rural Canada has become "so irrelevant demographically that it increasingly exists only in myth,"² a view that often translates into a vision of a country made up of a few large densely populated urban centres set against a rural landscape denuded of its people.

This kind of pessimistic thinking influences policy. The federal government's Rural Secretariat for example is tucked away in Agriculture and Agri-Food Canada, creating the misleading impression that "rural" is synonymous with "agriculture" and effectively undermining the Secretariat's relevance and viability; the federal government's homelessness and affordable housing initiatives, introduced in 1999 and 2001 respectively, almost entirely bypassed rural Canada; daycare spaces may be hard to find in urban centres but they are virtually non-existent in rural Canada; 20% of the so-called "Municipal Rural Infrastructure Fund (MRIF)" goes to big cities of 250,000 or more people while many small towns do without because they lack the resources and skills necessary to fill onerous MRIF application forms.

Implicit in all of this is that urban Canada's prosperity is somehow detached from rural Canada and yet, the evidence shows that the fates of these two solitudes are very much intertwined. Rural Canada is where we produce the vast agricultural (grains and oilseeds, livestock, pulses, eggs, poultry and dairy) mineral (aluminum, coal, potash,

¹ The census definition of "rural" is communities with fewer than 1,000 residents and population densities below 400 persons per square kilometre. By this definition, Canada's rural population was about six million people in 2006.

² John Ibbitson, March 14, 2007, "THE CENSUS: SPRAWL Goodbye rural Canada, and hello most urban of countries," *Globe and Mail*, March 14, 2007, p. A6.

nickel, gold, iron and diamonds), forestry (hardwood and softwood lumber, pulp and paper products), fisheries (lobster, crab, shrimp, salmon, groundfish, and arctic char) and energy (oil, natural gas, biofuel, hydro and wind power) wealth that pulses through our urban centres. Our nation's most efficient producers, and indeed many of our best-known national champions, were founded in rural Canada, including for example Bombardier (Valcour, Québec), Irving Oil (Bouctouche, New Brunswick), McCain Foods Limited (Florenceville, New Brunswick), Mouvement des caisses Desjardins (Lévis, Québec), and Tembec Inc. (Témiscaming, Québec). The Canadian dollar's recent ascent to parity and beyond with the U.S. dollar is testimony to rural Canada's continued and pronounced importance: a large body of economic research shows that the dollar's fluctuations are largely driven by changes in commodity prices, the very commodities produced in the more rural and remote parts of Canada. And yet, very little of the vast wealth produced in rural Canada flows back to rural Canada.

SECTION I: PUTTING RURAL CANADA BACK ON THE POLICY AGENDA

With this in mind, and backed by almost two years worth of hearings with hundreds of witnesses, expert and everyday citizens alike, the committee argues that it is time to put rural Canada on top of the national policy agenda. To that end, the committee urges the federal government to adopt a series of explicit and precise initiatives so that a generation from now, rural Canada is a “place” where, as a whole, population decline (in absolute terms and as a proportion of the total Canadian population) has been halted if not reversed and where, on a range of socio-economic indicators – health status, educational attainment, and per capita income, rural Canada has closed the gap with urban Canadians. The committee's recommendations are premised on five guiding principles that should shape any future iterations of rural policy, namely that

- 1. Policy Needs to Respect Rural Diversity:** Policy needs to recognize that, in the words of Harry Cummings, Professor, School of Environmental Design and Rural Development, University of Guelph, “rural is not an absolute but a continuum. Canada's policy needs to reflect that” (*Evidence*, October 31, 2006).
- 2. Policy Needs to Help Those Who Help Themselves:** Higher levels of government must use their scarce fiscal capacity judiciously, choosing to focus assistance on communities that demonstrate a willingness to help themselves

through long-range strategic visions, leadership and broad-based community support and which have a realistic chance of achieving their goals.

3. **Policy Needs to be Place-Based:** The committee believes that policy needs to be *place-based*, a notion that embodies the idea that one size does *not* fit all and that recognizes the great diversity of rural Canada. Place-based thinking puts emphasis on the idea that local people can come up with local solutions that capitalize on local assets and local enthusiasm. The role of higher levels of government, as stressed in our interim report, must be to facilitate and not dictate policy.
4. **Policy Needs to Recognize that Rural Canada Doesn't Necessarily Want to be Urbanized:** We have to guard against the kind of thinking and policies that are premised, implicitly or explicitly, consciously or unconsciously, on the belief that rural Canada's problems are best addressed through policies that accelerate the merger of rural communities into urban ones, thereby erasing the former in favour of the latter. Rural and urban Canada must be better integrated, but not at the expense of an outright takeover by urban areas.
5. **Rural Policy Needs to Stop Looking for Magic Bullet Solutions:** If rural Canada, and especially resource-based rural Canada, is to break free from the vicious cycle of decline that has characterized so much of its recent history, policymakers must give up on the search for "magic bullet" solutions.

The Need for a Rural Champion

To drive this renewed focus on rural issues, the committee believes that the federal government should create a Department of Rural Affairs whose minister would sit at the cabinet table and thereby ensure that rural issues and concerns are *always* heard at the highest level of decision making. The proposed Department of Rural Affairs would initially assume the responsibilities currently assigned to the Rural Secretariat but with an expanded budget; the regional development agencies (which have large rural mandates) and all other departments with rural responsibilities would continue to exercise their rural functions.

The committee further proposes that one of the first (new) challenges of the Department of Rural Affairs could be to work with the Treasury Board Secretariat, Public Works and Government Services and any other relevant departments and agencies to move at least 10% of the federal employees in large urban centres to smaller regional centres in rural Canada, a practice that has been shown in the past to generate important economic benefits for the destination communities.

SECTION II: RE-INVIGORATING RURAL ECONOMIES TO REDUCE POVERTY

Simply creating a new institutional framework in Ottawa or moving back offices to rural Canada are not likely, on their own, to remedy the problems of rural poverty and rural decline. In this section of the report, the committee looks at rural poverty and rural decline from an economic perspective because it believes that the poor, like everyone else, want to contribute in some way to their community's economic well-being. To that end, it proposes policies that would support key rural industries, namely the agriculture, forestry, fisheries and tourism sectors. It also looks at addressing a serious rural infrastructure deficit that threatens to undermine the rural economy.

Changing Nature of Agriculture

While the committee believes it is important to break with the tendency of defining rural strictly in agricultural terms, it also recognizes that agriculture remains an important part of the rural economy in many areas of the country. Recent history, however, has not been kind to agriculture. It has experienced a long term trend towards fewer but larger farms, a process driven in large measure by global competition and technological change. Even with the recent rise in commodity prices, many farm families have found it difficult to make ends meet, relying in part or in whole on off-farm income to pay the bills. The end result is more farm consolidation and ultimately, population decline in agricultural parts of rural Canada.

To help reverse these trends and address the hardships found in low income farm families, the committee recommends that the federal government introduce a new version of its recently terminated Farm Families Options Program. The new program should take into account the concerns and recommendations of farmers about the first version of the program, which effectively guaranteed a minimum of \$25,000 for families and \$15,000 for single individuals. To further help with the revenue / income side of the farming business, the committee recommends that the federal government place more emphasis on “multifunctional” policies that would, for example, properly compensate farmers and rural landowners for preserving the environment (wetlands, forest cover, and so on) or help pay for the costs of negotiating watershed agreements between rural and urban

communities. Another way to help farmers stay on the land and keep agricultural parts of rural Canada populated is to make it easier for farmers to transfer assets from one generation to the next. To that end, the committee recommends that the federal government eliminate the capital gains tax on sales of farm property to their children and increase the amount of support it gives farmers for succession planning.

Addressing the Forestry Crisis

More than 300 rural and remote communities in Canada rely almost entirely on the forest industry for their well-being; in countless others, the forestry sector plays a lesser but still vital role. For some time now, the forestry industry has been in crisis – since 2003 alone, more than 46,800 jobs have simply vanished – due to a number of familiar factors, namely intensification of global competition, weakening and shifting of demand for forest products, rapid appreciation and fluctuations of the Canadian dollar, protectionist measures by the United States, high energy and input costs and changing supplies of wood fibre. To address this serious situation, the committee recommends that the federal government **immediately** convene a national summit to develop a national forestry strategy.

Tourism

Rural communities have, for a number of years, looked to tourism to help replace the lost economic activity brought on by declines in the primary sectors. While the report cautions that rural tourism is not a magic bullet solution to what ails rural Canada economically, it nevertheless represents an important part of the rural economy, one that is increasingly being neglected by the Canadian Tourism Commission (CTC), which is charged with promoting tourism outside Canada. To address this concern, the committee recommends that the federal government through the CTC and the proposed Department of Rural Affairs create a promotional program that markets rural Canada as a tourist destination to international and Canadian travellers.

Addressing the Rural Infrastructure Deficit

Historians have long argued that Canada is a nation defined as much by its infrastructure as its linguistic duality and/or its proximity to the United States. If this is true for Canada as a whole, it is especially true for rural Canada. Large-scale public projects such as the national railway, the TransCanada Highway, the telegraph and telephone systems, and the St. Lawrence Seaway not only helped stitch together a nation, they also helped settle much of what is now considered rural Canada. Since the late 1970s, however, there has been a slowing of investment in public infrastructure in Canada, and it is starting to show. The current stock of infrastructure is old and aging, contributing to a large infrastructure deficit in Canada that erodes the ability of rural citizens to fully participate economically and socially in our society.

In recent years, the federal government has introduced several programs aimed at overcoming rural Canada's infrastructure deficit, including most recently the "Communities Component" of its "Building Canada" program. It is not clear yet whether the application process for the Communities Component will improve upon that of its predecessor, the Municipal Rural Infrastructure Fund (MRIF). The committee therefore recommends that the federal government simplify or provide financial and technical assistance to rural communities making infrastructure funding applications.

(a) Bridging the Digital Divide

In urban Canada, where cell-phones abound, Blackberries proliferate, and high-speed Internet services can be accessed effortlessly from almost everywhere, it is easy to forget just how new all of these information and communications technologies (ICTs) are, how important they have become, and how much they have bypassed large parts of rural Canada. According to the Canadian Radio-television and Telecommunications Commission (CRTC) for example, some 47% of Canadian communities – most of them small and rural – did not have broadband access in 2005. To address this gap, the committee recommends that the federal government set targets for achieving rural broadband connections and commit long-term funding to meet these targets and further, that the CRTC be directed by cabinet to impose a regulatory obligation on all suppliers,

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as a condition of license, to provide a minimum of high speed Internet services to rural communities.

(b) Rural Transportation

For most rural Canadians, “getting around” means having access or owning at least one vehicle and sometimes two or three – an expensive proposition at the best of times but even more so in rural Canada because travel costs (for fuel and repairs) tend to be higher than in urban parts of the country. For the most part, public transportation is not an option and that represents a serious problem for seniors, disabled and low-income rural citizens. Meanwhile, large numbers of rural vehicles – vans, mini-busses and so on – often travel back and forth between their destinations largely empty because regulatory and insurance rules make it too costly or risky to do the neighbourly thing and offer a ride. The committee therefore recommends that the federal government commit to 50-50 funding for new rural transportation infrastructure and study how to coordinate existing rural transportation services into a flexible network in which they would complement each other and provide extra transportation services to rural citizens. In coastal communities, the relevant transportation infrastructure is often the local harbour or wharf. To that end, the committee also recommends increased federal funding for small craft harbours.

Finally, the high cost and general lack of transportation in rural Canada is especially acute in remote communities, translating directly into dramatically higher food, energy and housing costs. To help minimize the impact of these costs, the committee recommends that the federal government periodically increase its Northern Resident Deduction, a tax measure that was created to offset the high cost of living in the North.

SECTION III: REDUCING RURAL POVERTY THROUGH SOCIAL POLICY

History amply teaches that simply increasing the size of the economic pie does not necessarily mean it will be shared any more equitably. In this section of the report, the committee looks at social policies aimed at either distributing the pie more equitably or at least making it easier for the rural poor to share in the nation’s bounty. To that end, the committee looks at income support policies, education, housing, immigration and crime.

Addressing the Income Gap

In the committee's hearings with the rural poor, those who work with the rural poor, and academics who study poverty, one consistent theme emerged: Canada's income support policies are a tangle of confusing, often punitive and outdated rules that often impede rather than advance the cause of poverty reduction. To address this long-standing problem, the committee proposes that the federal government create a national poverty reduction strategy in cooperation with the provinces and territories that is sensitive to urban/rural differences. The committee further recommends that the federal government commission a green paper³ studying the potential of introducing a guaranteed annual income as a cornerstone of this strategy.

Recognizing that these recommendations are not likely to be realized overnight, the committee recommends, as interim measures, increases to the Canada Child Tax Benefit and Working Income Tax Benefit. The committee also recommends that the federal government ensure that low-income Canadians are fully aware of all income-support programs for which they may be eligible. There is evidence, for example, that many low-income seniors have not received guaranteed income supplement benefits to which they were entitled.

Education Spend Early, Spend More

Education. The theme reverberated in almost every committee hearing, with almost everyone agreeing that much more needs to be done to ensure equality of opportunity. To that end, the committee recommends: (a) introducing a new early learning and childhood education program; (b) providing additional funding for rural-based co-operative vocational schools; (c) ensuring that the federal government's student grant and loan programs are sensitive to rural needs; (d) expanding the range of college and university programs in rural Canada; and (e) increasing funding for adult literacy programs.

³ The term "green paper" is used to describe a tentative report of a proposal put forward by the government for a national discussion but without any commitment to action. It is often the first step in changing policy and/or the law. Green papers may result in the production of a white paper, which reflect a more firm commitment to deliver on policy and/or legislative changes.

Rural Housing –The Hidden Problem

On the surface, there is no rural housing problem. The rate of home ownership in rural Canada is considerably higher than in urban Canada; and as the committee emphasized in its interim report, it is rare to see a homeless person in rural and small town Canada. Nevertheless, the committee found that there are serious housing problems, namely poorly-maintained homes and significant pockets of “hidden homelessness” across rural Canada but especially in the nation’s more remote northern regions. Witnesses told the committee that the federal policy response has been inadequate. The National Homeless Initiative (NHI) and Affordable Housing Initiative (AHI) for example have been overwhelmingly urban focused and, in the case of the far North, entirely inadequate given the ongoing housing crisis in that part of the country. To address these concerns, the committee calls for an immediate increase in funding for Canada Mortgage and Housing Corporation’s (CMHC) suite of housing repair and improvement programs and a review of its policies to ensure that the next generation of housing programs are more sensitive to the needs of rural and remote Canada. The committee also recommends that the federal government restore its co-operative housing program.

Crime and Justice in Rural Canada

Judging from the nightly news, crime would appear to be mostly an urban problem. Drugs, prostitution, and property crime seem distant from the traditional perception of rural Canada as a place where people rarely lock their doors, often leave car keys in their vehicles, and generally look out for each other. Much of this is indeed true but the committee heard considerable anecdotal evidence that the hardship which inevitably follows poverty and rural decline has generated two serious problems, namely a proliferation of marijuana grow-operations and an increased incidence of domestic violence. Unfortunately, the committee was not able to locate hard data to substantiate this anecdotal evidence, which is why it calls for more funding for research and data on rural policing and rural crime, especially with respect to grow operations and domestic abuse.

In its travels, the committee also heard evidence that legal aid services in rural Canada, especially civil legal aid, are next to impossible to obtain partly because of transportation barriers, partly because funding for these services is not available. The situation is especially acute in the three territories. The committee argues that governments must do everything they can to minimize the income, transportation, and cultural barriers to justice, whether in matters criminal or civil. It therefore recommends funding to clear up a backlog of cases in the territories and, more generally, a nationwide increase in criminal and civil legal aid funding. It also urges the government to put civil legal aid funding on the same footing as criminal legal aid, i.e., to remove it from the ambit of the Canada Social Transfer (CST).

Immigration: Repopulating Rural Canada

It is a truism that Canada is a nation built by immigrants. A fact that is less familiar, perhaps, is that until World War II new immigrants to Canada often settled in rural areas. After World War II, however, immigrants settled disproportionately in urban areas. Since 1997 for example, only about 4% of new immigrants to Canada have, on average, settled in rural areas. The other 96% settle in Canada's crowded and sprawling urban areas. In strictly demographic terms, this trend, together with Canada's recent history of low fertility rates, accounts for rural Canada's declining share of the population. If rural Canada is to prosper, it needs to attract its fair share of immigrants. The committee therefore recommends that the federal government explore ways of increasing assistance to rural communities that want to encourage immigrant settlement. The committee also recommends that the federal government study the possibility that current immigration policy may contain a bias in favour of recruiting urban residents at the expense of immigrants from a rural background who might be more inclined to settle and stay in rural Canada.

Health and Health Care: Cornerstones of Rural Revitalization

The evidence is in: rural Canadians are, on average, less healthy than their urban counterparts. While the reasons are varied, at least part of the problem stems from inadequate access to health practitioners and services. To address this problem, the

committee recommends a permanent Rural Health Human Resources Initiative, more funding for telehealth programs, more investment in rural-based health education, and additional research on rural health issues, especially as they relate to poverty.

Finally, the committee recommends that the federal government restore the Office of Rural Health because it played an important role in keeping rural health issues high on the federal government's policy agenda. Further, the committee believes that the restored office of rural health should be charged with implementing a long-term National Rural Health Strategy that encompasses elements just discussed, namely human resources, telehealth and research.

SECTION IV: THE HEALTH COMMUNITY APPROACH

It is important to recognize that the *major* determinants of health span a much broader range of issues than mere access to the health care system. The “healthy communities” movement, which was pioneered by a Canadian doctor named Trevor Hancock, argues that health is in fact *largely* determined by equitable access to such basic prerequisites for health as peace, food, shelter, clean air and water, adequate resources, education, income, a safe physical environment, social supports, and so on. It also places citizen participation at the heart of what it advocates. A lot of the themes already discussed could have easily been framed from this perspective. Housing, education, income, environment, economy, and transportation are all key elements of healthy living and healthy communities. Most of this discussion emphasized however what the federal government can do *for* rural citizens rather than what rural citizens can do for themselves. This fourth and final section of the report is framed by this “healthy community” approach to emphasize what rural citizens and rural communities, with a bit of assistance from higher levels of government, can do for themselves.

A Healthy Small Business Sector

Rural businesses are mostly small in size yet are invaluable to the social and economic well being of rural communities. A local convenience store or gas station can mean the difference between easy access to basic supplies and having to travel long distances to buy a loaf of bread or fill up the gas tank. To ensure that rural small

businesses remain viable and can grow in the future, the committee puts forward several recommendations, including new investments in the social economy (non-profit businesses that provide valuable services and training opportunities), the creation of patient-capital funds for rural Canada (the vast majority of venture capital flows to urban areas), more money for micro-credit lending programs, measures to strengthen the long-term viability of the successful Community Futures program, and measures to help small businesses with their succession planning (many small business owners are nearing retirement).

Revitalizing the Rural Volunteer Sector

Rural volunteers are vital to rural communities. They are responsible for a vast array of services and they generate important economic and societal benefits. Statistical evidence shows that rural citizens are more actively engaged in formal volunteer activities than their urban counterparts. However, rural volunteers are under tremendous stress because of an aging population and difficulty raising money. To help alleviate these problems, the committee recommends that the federal government provide funding to a national foundation dedicated to supporting community-related activities in rural Canada and introduce tax measures to reward volunteer time and effort

Conclusion

It is tempting to romanticize rural life as agricultural, pastoral, neighbourly and a place “away from” crime, violence, pollution, and all the ills that have become associated, rightly or wrongly, with urban life. While there is a great deal of truth in this romantic vision, it can also act as a chain that binds rural Canadians and policymakers alike. It obscures for example the fact that historically and to this day, rural life has often been filled with hardship, danger, and sometimes despair: hardship imposed by difficult climates and fluctuating commodity prices; danger from the occupations that have historically defined economic life in rural Canada (agriculture, mining, forestry, and fishing); despair from a sense of isolation, both social and otherwise. Similarly, the romantic vision blinds too many to the false idea that rural Canada’s challenges are best

addressed by agricultural policy, a persistent myth that so many of our witnesses emphasized needs to be discarded once and for all.

Above all, the romantic vision tends to encourage rural Canadians and policymakers alike to look backwards at what has been lost and outward for assistance, instead of forward to opportunity and locally to the assets rural communities already have. To that end, the committee recommends that the federal government, through its proposed Department of Rural Affairs, create a rural leadership training program that would help rural Canadian realize their own potential because as the committee found in its travels, the degree of hope and optimism that persists, stubbornly, in rural Canada is often measured in the hard work and vision of just a handful of rural leaders who refuse to let economic decline and depopulation blind them to the tremendous local wealth and resilience of their place in Canada.

With that insight, we are again reminded of the committee's key guiding policy principles, namely that policymakers must recognize the diversity that characterizes rural Canada, facilitate not dictate solutions, and help those who demonstrate they want to be helped. With these principles firmly in mind, with more attention in Ottawa and elsewhere, with the hard work of Canada's six million rural Canadians, the committee is convinced that rural Canada really can be a place where, a generation from now, the population has increased and health, education, income and other outcomes are on par with the rest of Canada, where we are all ready, willing and able to say: "Canada wants you."

SUMMARY OF RECOMMENDATIONS

Please note that this summary of the recommendations should be read in the context of the reasoning presented in the body of the report. For an indication of the appropriate section of the report, please see the page number at the end of the recommendation.

RECOMMENDATION 1-1: The committee recommends that the federal government adopt the explicit and precise initiatives discussed in this report aimed at reducing rural poverty and reversing rural decline such that a generation from now, rural Canada is a place where, as a whole, population decline in absolute terms, and as a proportion of the total Canadian population, has been halted if not reversed and where, on a range of socio- economic indicators – health status, educational attainment, and per capita income, rural Canada has closed the gap with urban Canada. *(page 7)*

RECOMMENDATION 2-1: The committee recommends the federal government create a new Department of Rural Affairs which would assume and expand on the responsibilities currently assigned to the Rural Secretariat. In the meantime, the committee recommends that all memoranda to Cabinet include the Rural Secretariat’s analysis of the policy or program’s likely impact on rural Canada, as well as the sponsoring department’s response to that analysis. *(page 28)*

RECOMMENDATION 2-2: The committee recommends that FedNor’s mandate be broadened to include the entire province and that it be given agency status. Moreover, the committee recommends that FedNor’s name be changed to reflect this new, broader mandate. *(page 29)*

RECOMMENDATION 2-3: The committee recommends that the federal government work with provincial, territorial and municipal governments to identify ways in which a range of existing and new services might be delivered through existing rural infrastructure points such as rural post offices. *(page 30)*

RECOMMENDATION 2-4: The committee recommends that the federal government move at least 10% of its existing large urban centre employees to regional centres in rural Canada. *(page 32)*

RECOMMENDATION 3-1: The committee recommends that the federal government reintroduce the Canadian Farm Families Options Program with modifications that take into account feedback from farmers. The program should operate for at least another three years, at which point a full analysis of the outcomes should be conducted to determine the extent to which the program helped address farm poverty by making low-income farms more profitable and sustainable. *(page 50)*

RECOMMENDATION 3-2: The committee recommends that the federal government eliminate the tax on capital gains on the disposition of qualifying farm property of an active farming business to a child (as defined in the *Income Tax Act*) who commits to engage in an active farming business. The committee also recommends that the federal government re-examine and enhance existing tax measures such as the ten year capital gain reserve and other related tax measures to facilitate the transfer of farm property to the next generation. It should also increase the amount of support given to farmers to encourage and help with farm succession planning. *(page 54)*

RECOMMENDATION 3-3: The committee recommends that, as part of the proposed long-term farm policy framework, the federal government introduce direct payments in recognition of the ecological goods and services provided by farmers and rural landowners. *(page 58)*

RECOMMENDATION 3-4: The committee recommends that the federal government should, through a coordinated effort by Environment Canada, the federal regional development agencies and the proposed Department of Rural Affairs, help organize and fund efforts to develop watershed agreements between urban communities and major stakeholders in relevant rural communities. These agreements should ensure that rural communities, including rural private property owners, are adequately compensated for their efforts to protect watersheds. *(page 61)*

RECOMMENDATION 3-5: The committee recommends that the federal government provide stable funding to Environment Canada's Habitat Stewardship Program for Species at Risk over a five-year period. *(page 62)*

RECOMMENDATION 3-6: The committee recommends that the federal government reintroduce PERRL or similar programs to study the impact that a Canadian carbon credit emission trading system may have on agriculture and other sectors. *(page 68)*

RECOMMENDATION 3-7: The committee recommends that Agriculture and Agri-Food Canada along with key producers conduct a thorough assessment of the impacts on the rural economy of the various government supports to the biofuels industry. Existing biofuel support and encouragement policies must be maintained until the assessment is complete. Key elements of this study would include but not be limited to:

- a review of the positive and negative effects of biofuels development on the rural economy (including the livestock sector);
- an analysis of risks versus rewards for rural communities and farmers regarding investments in bio-refineries (in particular, the study should attempt to determine whether first-generation bio-refineries are a sustainable business model); and
- an examination of the opportunity costs to the rural economy of government supports to the biofuels sector (i.e., if the goal is to maximize benefits to the rural economy, would this money be better spent on sectors other than biofuels?)
(page 72)

RECOMMENDATION 3-8: The committee recommends that the federal government, with the provinces and territories, change food inspection regulations to ease the entry of local producers and organic growers into the market, while increasing the scrutiny of foreign packaged produce and food products to ensure a level playing field for Canadian producers. *(page 75)*

RECOMMENDATION 4-1: The committee recommends that the federal government immediately convene a national summit with all relevant stakeholders on forestry with the aim of developing a national forestry strategy. *(page 88)*

RECOMMENDATION 4-2: The committee recommends that the federal government provide incentives for sustainable forestry management practices on private woodlots through the *Income Tax Act*. *(page 91)*

RECOMMENDATION 5-1: The committee recommends that the federal government, through the Canadian Tourism Commission (CTC) and the proposed Department of Rural Affairs, create a promotional program that specifically markets rural Canada as a tourist destination to international and Canadian travellers. *(page 103)*

RECOMMENDATION 6-1: The committee recommends that the federal government simplify its application process and/or provide financial and technical assistance to help small rural communities apply for government infrastructure funding. *(page 113)*

RECOMMENDATION 6-2: The committee recommends that the federal government set targets for achieving rural broadband connections and commit long-term funding to meet these targets and further, that the Canadian Radio-television and Telecommunications Commission (CRTC) be directed by cabinet to impose a regulatory obligation on all suppliers, as a condition of license, to provide a minimum of high speed Internet services to rural communities. The funding should help cover the cost of broadband infrastructure and ongoing operating expenditures. *(page 122)*

RECOMMENDATION 6-3: The committee recommends that the federal government provide long-term, stable funding to the Community Access Program and expand the program to include funding for continuous technology upgrades. *(page 123)*

RECOMMENDATION 6-4: The committee recommends that the federal government commit to 50-50 capital funding for new rural transportation infrastructure. The federal government should also study how to coordinate existing rural transportation services into a flexible network in which they would complement each other and provide extra transportation services to rural citizens. *(page 128)*

RECOMMENDATION 6-5: The committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research into regionalization and governance best practices in Canada and abroad. To further assist in these efforts, the committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research that would map actual transportation use in rural regions of the country. *(page 131)*

RECOMMENDATION 6-6: The committee recommends that the federal government periodically increase the Northern Residents Deduction to reflect increases in the cost of living in Canada's North. *(page 133)*

RECOMMENDATION 6-7: The committee recommends that the federal government, through the Department of Fisheries and Ocean's Small Craft Harbours Branch, increase capital funding for small craft harbours and its support of Harbour Authorities in rural and remote communities. *(page 137)*

RECOMMENDATION 7-1: The committee recommends that the federal government, in consultation with the provinces/territories, devise a national poverty reduction strategy that is sensitive to rural/urban differences. As part of its deliberations, the federal government should pay special attention to the anti-poverty strategies already in place in Québec and Newfoundland and Labrador. *(page 152)*

RECOMMENDATION 7-2: The committee recommends that the federal government commission a Green Paper to study the costs and benefits of introducing a guaranteed annual income. The Green Paper should serve as a starting point for a national discussion involving the provinces and territories about reforming the country's income support system so that it is more generous, less punitive, less stigmatizing and more consistently applied across provinces and territories. *(page 158)*

RECOMMENDATION 7-3: The committee recommends that as funding permits, the federal government adapt its working income tax benefit to conform to the proposed working income supplement outlined in the May 2006 report of the Task Force on Modernizing Income Security for Working-Age Adults. *(page 161)*

RECOMMENDATION 7-4: The committee recommends that the federal government phase in increases to the maximum Canada Child Tax Benefit (CCTB) to \$5,000 as funding permits. Initially, the increases could be funded eliminating the Universal Child Care Benefit (UCCB) and the non-refundable Child Tax Credit. *(page 163)*

RECOMMENDATION 7-5: The committee recommends that the Canada Revenue Agency and Services Canada undertake to inform clients about the full range of programmes and tax benefits to which they may be eligible, regardless of which program(s) they applied for. The Canada Revenue Agency should also consider preparing a simplified, one-page tax form for low-income individuals with relatively simple tax situations. Finally, the Canada Revenue Agency should also, where feasible, automatically calculate an individual's eligibility for existing and future tax benefits based on available income and personal data. *(page 164)*

RECOMMENDATION 7-6: The committee recommends that the federal government extend eligibility for its charitable income tax credit to bulk donations of food items. The federal government should also revise relevant legislation in order to offer excise tax rebates on imported food which is subsequently donated to food banks. *(page 168)*

RECOMMENDATION 7-7: The committee recommends that Statistics Canada include some measure of transportation costs in its low-income cut-off (LICO) statistics. *(page 168)*

RECOMMENDATION 8-1: The committee recommends that the federal government work with the provinces and territories to introduce an early learning and child care program that is sensitive to the needs of rural Canada. *(page 177)*

RECOMMENDATION 8-2: The committee recommends that the federal government direct the proposed Department of Rural Affairs to begin talks with provincial/territorial governments to fund additional Maison Familiale Rurale projects in rural areas across Canada. As part of this funding, the federal government should provide financial assistance to low-income Canadians, rural or urban, who want to attend MFR schools. *(page 182)*

RECOMMENDATION 8-3: The committee recommends that the proposed Department of Rural Affairs study any existing and potential rural-urban school partnerships, shared schooling services among rural communities, and options for using rural schools to their full potential. This information should be shared with provincial and territorial ministries of education. *(page 186)*

RECOMMENDATION 8-4: The committee recommends that, in designing the new Canada Student Grant Program and Canada Student Loan Program, the federal government structure the funding formulas to fully account for the costs faced by rural youth. The objective should be to level the playing field between rural and urban youth. *(page 189)*

RECOMMENDATION 8-5: The committee recommends that the proposed Department of Rural Affairs work with relevant government departments and agencies to spearhead a strategy aimed at expanding the range of college and university programs available in rural Canada through physical facilities and distance learning approaches. *(page 192)*

RECOMMENDATION 8-6: The committee recommends that the federal government restore and increase funding to promote literacy and numeracy across Canada, with special emphasis on funding literacy services in rural Canada. *(page 196)*

RECOMMENDATION 9-1: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) investigate and correct any administrative barriers that may be preventing it from spending its full Parliamentary appropriations on its housing repair and improvement programs. *(page 202)*

RECOMMENDATION 9-2: The committee recommends that the federal government make a five-year funding commitment to its housing repair and improvement programs. The funding commitment in the first year should be set at \$251 million, which represents the parliamentary appropriations for 2006–2007, and should be increased in subsequent years to reflect inflation and population growth. *(page 202)*

RECOMMENDATION 9-3: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) measure and report on the extent to which low-income rural Canadians are making use of its housing repair and improvement programs, and that CMHC use this information to adjust the programs to better suit the needs of rural Canadians. The committee also recommends that CMHC expand its presence in rural Canada. *(page 203)*

RECOMMENDATION 9-4: The committee recommends that the proposed Department of Rural Affairs review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of rural Canadians. *(page 209)*

RECOMMENDATION 9-5: The committee recommends that the federal government restore its co-operative housing program and designate 20% of funding (rural Canada's share of the national population) under the restored program to rural Canada. *(page 211)*

RECOMMENDATION 9-6: The committee recommends that the proposed Department of Rural Affairs, in cooperation with the regional development agencies conduct comprehensive research on efforts to encourage retirees and seniors to stay and/or settle in rural Canada. *(page 218)*

RECOMMENDATION 9-7: The committee recommends that the federal government direct the Canada Mortgage and Housing Corporation (CMHC) to study the possibility of creating a reverse mortgage program aimed at extending availability of this financial product to rural Canada. As part of this program, CMHC could consider a range of policy options, including (a) introducing a program to insure against market, property and life-expectancy risks in order to broaden private-sector involvement; (b) devising and managing a reverse mortgage program of its own; or (c) some combination of (a) and (b). *(page 219)*

RECOMMENDATION 9-8: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of the North and are sensitive to the particular challenges faced by women in the North. This research should form the basis of the next generation of homelessness and affordable housing initiatives. *(page 224)*

RECOMMENDATION 10-1: The committee recommends that the federal government implement the recommendations contained in the RCMP study entitled *Organized Crime and Policing in Rural and Remote Canadian Communities* and that the RCMP, along with the proposed Department of Rural Affairs, fund additional research into rural crime and rural policing. *(page 234)*

RECOMMENDATION 10-2: The committee recommends that the federal government fund academic and community-based action-oriented research into the causes of, and response to, domestic violence in rural Canada. Applying this research, the federal government should take a leadership role, through its Family Violence Initiative, and support regional forums that bring together federal, provincial/territorial and community leaders, non-governmental organizations, front-line service providers, and survivors of domestic violence in order to develop appropriate responses to family violence in rural areas. *(page 239)*

RECOMMENDATION 10-3: The committee recommends that the federal government increase funding under its Access to Justice Agreements in order to clear the backlog of legal aid-related cases in the North. It further recommends that the federal government increase funding for criminal and civil legal aid services. Funding for civil legal aid services should be provided on the same basis as criminal legal aid. *(page 245)*

RECOMMENDATION 11-1: The committee recommends that the Department of Citizenship and Immigration Canada and the proposed Department of Rural Affairs work with the provinces and territories to explore ways of increasing assistance to communities that have identified a need and a desire to recruit immigrants and integrate them into their communities. *(page 257)*

RECOMMENDATION 11-2: The committee recommends that Citizenship and Immigration, in conjunction with the proposed Department of Rural Affairs, employ where feasible the Scottish example to increase immigrant settlement in rural Canada. *(page 261)*

RECOMMENDATION 11-3: The committee recommends that the federal government direct Citizenship and Immigration Canada to study the possibility that its focus on attracting economic immigrants may contain an inherent bias in favour of recruiting urban residents at the expense of rural people who might be more inclined to settle and stay in rural Canada. *(page 263)*

RECOMMENDATION 11-4: The committee recommends that the federal government review its points system to award additional points to immigrants from rural areas with specialized skills in the trades or in the kind of artisanal, entrepreneurial production that can do well in rural Canada. *(page 263)*

RECOMMENDATION 11-5: The committee recommends that Citizenship and Immigration Canada and the proposed Department of Rural Affairs along with the provinces and territories collaborate on a review of CIC's settlement services funding formula in order to better assist rural communities that have a well-developed plan to attract immigrants to their areas. *(page 264)*

RECOMMENDATION 12-1: The committee recommends that the federal government restore the Office of Rural Health within Health Canada; that Health Canada, through its Office of Rural Health, develop and implement a long-term National Rural Health Strategy in consultation with the provinces and territories; and that the National Rural Health Strategy encompass initiatives related to telehealth, health human resources and health research in rural Canada. *(page 267)*

RECOMMENDATION 12-2: The committee recommends that, as part of its National Rural Health Strategy, Health Canada's Office of Rural Health implement a Rural Health Human Resources Initiative to address shortages of health care providers in rural and remote communities; and that the Rural Health Human Resources Initiative be made permanent and provided with dedicated federal funding. *(page 278)*

RECOMMENDATION 12-3: The committee recommends that Health Canada, through its Office of Rural Health, work with its provincial and territorial counterparts and with regional development agencies to fund proposals for new health educational programs and facilities in rural parts of Canada. *(page 280)*

RECOMMENDATION 12-4: The committee recommends that, as part of its National Rural Health Strategy, Health Canada's Office of Rural Health invest in cost-effective telehealth applications that will enhance access to care and improve the quality of health services in rural and remote communities. *(page 282)*

RECOMMENDATION 12-5: The committee recommends that the Canadian Institutes of Health Research, in collaboration with Health Canada's Office of Rural Health, make a long-term investment through dedicated funding in strategic initiatives in rural and remote health research. *(page 283)*

RECOMMENDATION 13-1: The committee recommends that the federal government restore funding to the Social Economy Initiative and direct its regional development agencies to immediately begin work on creating patient capital funds similar to La Fiducie du Chantier de l'économie sociale in Quebec. *(page 294)*

RECOMMENDATION 13-2: The committee recommends that the proposed Department of Rural Affairs coordinate an effort by Canada's regional development agencies to expand the range and availability of micro-credit programs in rural Canada. The programs should especially target traditionally disadvantaged groups such as rural women, Aboriginal people, immigrants and Francophones. *(page 297)*

RECOMMENDATION 13-3: The committee recommends that the federal government reaffirm its long-term commitment to the Community Futures program. The proposed Department of Rural Affairs should also conduct a study of the program to assess the potential of expanding the size of loans that the program makes available. *(page 301)*

RECOMMENDATION 13-4: The committee recommends that the proposed Department of Rural Affairs explore ways in which the federal government might help the credit union movement retain and possibly expand rural credit union locations. *(page 303)*

RECOMMENDATION 13-5: The committee recommends that, conditional upon a review of CED-Q's succession planning pilot project, the federal government expand this concept to its other regional development agencies. The committee further recommends that the federal government explore ways of helping the cooperative sector develop and expand its succession planning project. *(page 305)*

RECOMMENDATION 13-6: The committee recommends that the federal government provide stable, long-term funding to the Co-operatives Secretariat and the Co-operative Development Initiative. *(page 307)*

RECOMMENDATION 14-1: The committee recommends that, conditional on a positive evaluation of the Rural Development Officer (RDO) program, the federal government should help the Foundation for Rural Living expand its RDO program to every province and territory. The program should be reviewed after three years to assess its success in generating additional investment in Rural Canada's non-profit sector. *(page 327)*

RECOMMENDATION 14-2: The committee recommends that the federal government create a national foundation dedicated to supporting community-related activities in rural Canada. The federal government should contribute \$1 per Canadian (2006 Census population: 31.6 million) to the foundation. The endowment should be used to leverage additional contributions from private sector and foundation donations. *(page 331)*

RECOMMENDATION 14-3: The committee recommends that the federal government immediately create a tax credit to recognize and reward volunteer work, especially for emergency service personnel. *(page 333)*

RECOMMENDATION 14-4: The committee recommends that the proposed Department of Rural Affairs investigate the extent to which federal and provincial regulations and laws may be inhibiting volunteer activity in rural Canada. *(page 334)*

RECOMMENDATION 15-1: The committee recommends that the proposed Department of Rural Affairs develop and implement a leadership training program for rural communities. *(page 339)*

PREFACE

This is a report *about* rural Canada and about poverty in rural Canada. It is a report *for* the more than 330 witnesses who came to share their stories, their thoughts and their policy prescriptions in 20 small towns across Canada, and 6 million other Canadians spread across this place and space we call “rural.”⁴

This is a report *for and about* people like Émilienne and Alfred Basque, who more than 30 years ago flew to Ottawa to tell their story of rural poverty to the 1970 Senate Committee on Poverty headed by Senator David Croll. Some 30 years later, Mr. and Ms. Basque continue to struggle for the rights of the rural poor, even as the policy world ignored Senator Croll’s tireless efforts to promote a guaranteed annual income, a policy we discuss later in our report.

This is also a report about people like Claudia Parks, who drove hundreds of kilometres at her own expense, in a beaten-up van, to tell the committee her story of hardship at the committee’s hearings in Edmunston, New Brunswick.⁵ Ms. Parks did not choose to be poor. Circumstances, including an ill mother, left her little choice.

It’s about Denise Dowswell, a native of Prince George British Columbia, who told us how her 60-year old father works from dawn to dusk, how her two sisters, both accountants, pour almost all their income into the farm, how the seven grandchildren work on the farm when not in school, how despite their efforts, they are working down the equity built by previous generations. “The reality of it is that we are paying to farm . There is no way around that. We are burning up the equity that my dad and grandfather have put into the place.”

It is about Sandy Troop and her husband Daniel Bruce, from the Annapolis Valley in rural Nova Scotia, who welcomed the committee into their home and who in 2005, qualified for Agriculture and Agri-Food’s Farm Families Options Program (FFOP) because, despite sitting on a few hundred acres of prime agricultural land, they made less

⁴ See our interim report for a discussion of competing definitions of rural.

⁵ In light of Ms. Parks difficult circumstances, the committee, upon learning of her situation, helped defray some of her transportation and accommodation costs.

than \$10,000. The committee saw first-hand that this is a hard-working, proud and knowledgeable family who belie the myth that the poor are lazy.

It's about Marthe Tremblay, who drove in from her farm outside of Nicolet, Québec, and who for years has held down a full-time off-farm job to cover the losses in her farming business. Dismissed as a “hobby” or “lifestyle” farmer by some economists and statisticians, Ms. Tremblay works 60 or more hours a week only to live in poverty. She too qualified for the recently terminated Farm Families Options Program.

It's about Mira Hall and Spensler Heslep, two young adults from Yellowknife, Northwest Territories, who moved the committee with their personal stories of growing up in poverty, coping with homelessness, escaping drugs, gangs and crime, and struggling to raise and guide the next generation of children despite these challenges.

This is also a study about the tens of thousands of forestry-sector workers who have been uprooted by mill closures, shut-downs, shift eliminations and technological change, whose homes can now be purchased on a credit card and whose rural communities are suffering, dying, or simply gone – people like Jacques Grondin, from Grand-Remous, Québec, who discussed the fate of his community subsequent to the closure of the local forestry mill.

It is also a study about the countless fishers who, because of environmental change and over-fishing, are having to uproot entire communities and find new ways of getting by. Those left behind are struggling because their municipal governments are expected to find the money to pay for maintaining and operating their local wharves, a burden which one witness likened to having Toronto pay for operating and maintaining highway 401 in southern Ontario.

This report is also about the economic, social and natural environment that contributes to the poverty we witnessed in our travels, about the physical and natural place where the Basques, Ms. Troop and Mr. Bruce, Ms. Dowswell, Ms. Parks, Ms. Tremblay and six million other rural people call home.

Finally, it's also about the fact that for some time now, policymakers have focused almost obsessively on urban issues, with one pundit opining recently that rural Canada "has become a so irrelevant demographically that it increasingly exists only in myth," a view that does little justice to those who live in rural Canada. The consequences of rural neglect are manifest:

- Rural Canada's population has stagnated – who could possibly want to live in an "irrelevant" part of the country after all? Surely not the doctors, nurses, physiotherapists, labourers, and immigrants that rural Canada so desperately needs; surely not the sons and daughters of farmers, forest-workers, fishers, factory-workers and the like who feed and help shelter, power, and build the nation.
- Rural Canada is ignored in policy decisions – the federal government's Rural Secretariat is tucked away in Agriculture and Agri-Food Canada and has to continually fight for funding; the federal government's national homelessness strategy almost entirely bypasses rural housing issues; daycare spaces may be hard to find in urban centres but they are virtually non-existent in rural Canada; and so on.
- Federal rural infrastructure funds often end up in larger urban centres – even programs ostensibly aimed at small towns such as the municipal rural infrastructure fund (MRIF), often end up funding projects in urban centres. Worse yet, small towns often lack the resources and skills necessary to fill lengthy forms to obtain money to fix bridges, sewers, roads, water mains and water treatment facilities. One witness likened the application process to a very costly lottery and wondered aloud, half in jest, if some rural communities might not be better off simply taking their limited resources and buying lottery tickets instead.
- Small farmers bear the full brunt of well-intentioned environmental policies and regulations that threaten to put them out of business – we heard time and again that these farmers pride themselves on the stewardship of their lands. In many cases, they support the rules and regulations imposed by their urban counterparts, often without consultation. All they ask is fair compensation for the removal of their lands from production which is a *de facto* expropriation of their property rights.
- Forestry workers bear the brunt of a high Canadian dollar and years of policy neglect around Canada's forestry sector.
- Hundreds of fishing communities have seen their critical infrastructure – their wharves, their roads, their institutions, erode due to a lack of investment.

PREFACE

Our goal with this report has been to address these and other issues, to put rural Canada back on the federal government's agenda with recommendations that we think will address the concerns and needs of rural Canadians. These recommendations are made without any partisan intent. It is our profound hope that all national parties – those in government and those who aspire to govern – are able to seize the ideas and recommendations in this report and move ahead aggressively to diminish rural poverty as a core economic and policy priority. If our recommendations fall on deaf ears, if we too are ignored like so many of this nation's poor, then we are convinced that this effort will at least serve as a resource for all those who continue to struggle for rural Canada and the rural poor and maybe as a springboard for a time, hopefully soon, when our nation finally hears the desolate sound of an empty and impoverished landscape and begins a national discussion about how its rural areas can also share in the nation's prosperity.

SECTION I:

PUTTING RURAL CANADA BACK ON THE POLICY AGENDA

CHAPTER 1: THE NEED FOR A RURAL VISION

Does Canada want us here? That is the question that is being asked on our farm right now.

– Denise Dowswell, Little Valley Farms, Prince George, British Columbia (*Evidence*, March 5, 2007)

... clearly, the issue starts around valuing the rural component of this great country. We feel that that is a starting point.

– Jason Spingle, West Coast Staff Representative, FFAW – Fish, Food and Allied Workers (*Evidence*, February 19, 2007)

Today's rural out-migration is tomorrow's urban housing and social services challenge.

– Ardath Paxton Mann, Assistant Deputy Minister, British Columbia, Western Economic Diversification Canada (*Evidence*, March 1, 2007)

We have to decide what kind of a rural Canada we want to have, rather than just let the situation unfold.

– Diane Martz, Research Manager, Prairie Women's Health Centre of Excellence (*Evidence*, November 23, 2006)

If Canada wants our country to be a country with six to eight major urban centres and just let the rest go back to nature, that is one vision, but I think it would be an unfortunate scenario.

– Raymond Pong, Research Director, Centre for Rural and Northern Health Research, Laurentian University (May 29, 2007)

With every new census, rural Canada's place in the national fabric seems to unravel a little more. The 2006 Census showed for example that rural Canada's share of the national population fell below 20%⁶ for the first time in the nation's history,⁷ furthering a decline that has continued, more or less unabated, since Confederation. Given the seemingly irresistible trend of rural decline and the poverty that so often accompanies it, some have questioned rural Canada's continuing relevance. Commenting on the 2006

⁶ The census definition of "rural" is communities with fewer than 1,000 residents and population densities below 400 persons per square kilometre.

⁷ The declining proportion of rural residents is not unique to Canada. A recent study by the United Nations showed that for the first time ever, the proportion of people living in rural areas around the *world* fell below 50% in 2007. See *State of the World's Cities 2006/7*, available at: <http://www.unhabitat.org/pmss/getPage.asp?page=bookView&book=2101>.

Census results, one columnist at a national newspaper wrote that the data demonstrate that rural Canada has become “so irrelevant demographically that it increasingly exists only in myth.”⁸

This kind of sentiment points to four important questions that anyone who cares about rural Canada needs to answer and which this report confronts. First, why should urban Canadians care about rural Canada? Paraphrasing Denise Dowswell, a farmer outside of Prince George, British Columbia, does Canada want rural Canada to continue as a viable entity? Second, assuming the answer to the first question is yes, we next need to ask: what do we want rural Canada to look like a generation from now? In other words, what is our vision for the future of rural Canada? Third, are rural Canadians being well-served by their governments? Fourth and finally, what kind of changes in policies does Canada need to achieve its long-term vision? Louise Paquette, Director General for the Federal Economic Development Initiative in Northern Ontario (FedNor), put it bluntly:

While the committee's focus is on rural poverty, I might suggest that the bigger or more fundamental question is what we want rural Canada to look like in the future, or whether we even want or value rural Canada. Unless we adopt policies that clearly promote a healthy rural and urban Canada and programs that facilitate, not dictate, community solutions, we will become a country of urban communities. (*Evidence*, May 31, 2007)

These questions have lurked, sometimes quietly and unassumingly but at other times more forcefully, behind every one of our 79 meetings over our 18 month long inquiry into rural poverty and rural decline. The purpose of this document, our final report, is to put them on the policy agenda by proposing recommendations that will yield policy action and, of equal importance, a long-overdue national discussion. This introductory chapter can only sketch some answers to the four questions. A more substantive response is offered in the rest of the report.

⁸ John Ibbitson, March 14, 2007, “THE CENSUS: SPRAWL Goodbye rural Canada, and hello most urban of countries,” *Globe and Mail*, March 14, 2007, p. A6.

Why Does Rural Canada Matter?

From our interim report,⁹ it should be clear that the committee is convinced that Canada needs its rural areas. We believe that rural Canada matters a great deal for a number of important reasons. One of these is the fact, frequently mentioned by our witnesses, that rural Canada remains a crucial part of this country's economy. Rural Canada is where we produce the vast agricultural (grains and oilseeds, livestock, pulses, eggs, poultry and dairy) mineral (aluminum, coal, potash, nickel, gold, iron and diamonds), forestry (hardwood and softwood lumber, pulp and paper products), fisheries (lobster, crab, shrimp, salmon, groundfish, and arctic char) and energy (oil, natural gas, biofuel, hydro and wind power) wealth that pulses through our urban centres. Our nation's most efficient producers, and indeed many of our best-known national champions, were founded in rural Canada, including for example Bombardier (Valcour, Québec), Irving Oil (Bouc touche, New Brunswick), McCain Foods Limited (Florenceville, New Brunswick), Mouvement des caisses Desjardins (Lévis, Québec), and Tembec Inc. (Témiscaming, Québec). Indeed, a 2005 study by The Urban Futures Institute found, for example, that

the reality is that 'the' dominant engines of British Columbia's economy are its natural resources, and hence resource regions, of the province. While urban, and specifically metropolitan, economic activities are important contributors to the province's economic base – they account for approximately one-third of this base – two-thirds of provincial export income is earned by the forestry, mining, fishing, energy and agricultural sectors, sectors which are predominantly non-metropolitan.¹⁰

As the Urban Futures Institute study suggests, the rural economy has historically been, and still is, an important source of foreign exchange for Canada. The Canadian dollar's recent ascent to parity and beyond with the U.S. dollar is testimony to rural Canada's continued and pronounced importance: a large body of economic research shows that the dollar's fluctuations are largely driven by changes in commodity prices,

⁹ Standing Senate Committee on Agriculture and Forestry, *Understanding Freefall: The Challenge of the Rural Poor*, Interim Report, 1st Session, 39th Parliament, December 2006.

¹⁰ David Baxter, Ryan Berlin and Andrew Ramlo, *Regions & Resources: The Foundations of British Columbia's Economic Base*, The Urban Futures Institute, Report 62, Vancouver, 2005, p. 3, available at: <http://www.urbanfutures.com/research.html>.

the very commodities produced in the more rural and remote parts of Canada.¹¹ In fact, as discussed in our interim report, an important reason for the long-term trend of declining rural populations can be traced back to the remarkable efficiency gains in rural Canadian enterprises and the commodity sector. Even the Conference Board of Canada, which recently argued that Canada should make disproportionate investments in urban Canada, acknowledges that “[t]he industries where Canada is more productive – relative to the U.S. – tend to be resource-dependent.”¹²

Rural Canada also plays a vital role in the nation’s ecological sustainability. Rural Canada is the place that filters and disposes of urban pollution and urban garbage, manages watersheds vital to urban life, and provides the space where urban residents can escape the confines, congestion and crime of the city. Rural Canada is also important from a sovereignty perspective, a fact increasingly evident in the federal government’s emphasis on asserting Canada’s sovereignty in its northernmost, and by definition, rural regions. History teaches that it is difficult, if not impossible, to assert sovereignty in sparsely populated areas.

Perhaps most importantly, rural Canada provides an option for another way of living, one that values a slower, more friendly and community-oriented pace of life in harmony with the natural environment. An increasing number of urban Canadians are recognizing these traditional advantages. As discussed in our interim report, at least some of rural Canada’s population decline is being offset by an *influx* of young parents and retirees looking to take advantage of what rural areas have to offer.

¹¹ See for example David Laidler and Shay Aba, *The Canadian Dollar: Still a Commodity Currency*, C.D. Howe Institute, Toronto, 2001.

¹² Natalie Brender, Marni Cappe and Anne Golden, *Mission Possible: Successful Canadian Cities, The Canada Project*, Final Report, Vol. III, 2007, p. 24.

Text Box 1-1 : Quebec's Rural Strategy

In 2001, the province of Quebec introduced Canada's first comprehensive rural strategy called "*la Politique nationale de la ruralité*" [rural areas policy]. This five-year, \$90 million plan was seen by the province as "[TRANSLATION] sending a clear signal that Quebec recognizes its rural areas and their local communities as an essential and strategic component of Quebec society and the Quebec identity."

The cornerstone of the plan was an investment in what are called "le Pacte rural," essentially a formal agreement between the province and each of the province's 54 largely rural *Municipalités Régionales de Comté* (MRCs) are a form of regional government created by the province in the late 1970s and now considered a model of regional governance in Canada). Under the plan, each eligible MRC was given a budget that could be used by rural communities for example to (a) engage in efforts to mobilize civil society; (b) fund community consultation and strategic planning exercises; (c) develop partnerships with nearby urban communities; or (d) pay for start-up costs related to projects aimed at, for example, encouraging a reverse migration of young people back to rural Quebec or research and development into new products with economic potential.

With the expiry of the first five-year plan, the provincial government announced a \$280 million, seven-year extension to its rural areas policy on 7 December 2006. Like its 2001 counterpart, the 2006 plan was built around a partnership with *Solidarité rurale*, a rural lobby group, the *Fédération québécoise des municipalités*, the *Union des municipalités du Québec* and the *Association des CLD du Québec* [provincial economic development agencies]. The partnership agreement between these groups captures the spirit of Quebec's attitude towards its rural areas:

[TRANSLATION] In its rural areas policy, the Quebec government is reaffirming its profound conviction that the province's rural areas have both a present and a future, and that the prosperity and continued existence of rural communities are realistic and achievable goals at all levels. Quebec needs a strong and revitalized rural sector if it is to build a socially and economically balanced society..

Like the 2001 plan, the 2006 plan is focused on enhancing the ability of rural communities to take charge of their own development through a bottom-up approach aided by top-down support. The strategic direction of the policy includes: (1) promoting the renewal and integration of recent arrivals; (2) fostering the development of the territory's human, cultural and physical resources; (3) ensuring the survival of rural communities; (4) maintaining a balance between quality of life, the living environment, the natural environment and economic activities. The 2006 spends the following amounts:

- \$213 million for implementation of 91 rural pacts with the MRCs, including (unlike the 2001 version) some more urban MRCs;
- \$25.3 million for increasing the number of rural development officers to 136 from 104 – the position of "rural development officer" operates out of the CLDs and was created in 1997 as part of the province's local and regional development policy;
- \$15.5 million for rural pilot projects in areas such as health, education, culture and so on;
- \$8.6 million for the *Fonds d'initiative pour l'avenir rural*, which will fund work to explore the potential of developing new energy resources in rural Quebec, keeping rural schools open, making better use of existing rural resources, increasing the range of specialty food and other items produced in rural areas, and international exchanges on rural matters;
- \$12 million to foster the creation of specialty rural products in the cultural, agri-food and forest products sectors; and
- \$5.6 million for *Solidarité rurale du Québec* in its capacity as an advisory body on rural development.

Sources:

Government of Quebec, *Politique nationale de la ruralité: Des communautés rurales innovantes pour une occupation dynamique du territoire Québécois*, 2001.

Government of Quebec, *Politique nationale de la ruralité: Une force pour tout le Québec 2007-2014*, 2006.

The province of Quebec, ahead of all others, has understood the importance of its rural areas better than most. According to a number of rural experts, it has probably the most sophisticated rural-urban governance structures anywhere in the country. It has also moved aggressively to expand the presence of higher education services in rural areas. Finally, it is the only province which, to the committee's knowledge, has created a broad-based rural strategy (Text Box 1-1 discusses this strategy in more detail). The committee believes that Canada as a whole needs something similar.

What do we Want Rural Canada to Look Like?

Given the committee's firm belief in rural Canada's importance, and given the extent and consequences of rural poverty and rural decline as outlined in our interim report, what is our vision for rural Canada? To put it more concretely, what do we want rural Canada to look like a generation from now? This question is crucial. In fact, it is one that people who work in rural Canada actively encourage rural communities to ask themselves, as Alain Coutu, a community organizer with the Centre de Santé et des services sociaux du Nord de Lanaudière, in Quebec, told us:

We try to encourage people to dream about what their community might become in 10, 15 or 20 years. Often people forget to do that kind of thing. If we do not have a vision for development, it is difficult to meet goals. These exercises allow people to reflect, to imagine what their community might look like in 15, 20 or 30 years, and to look at how, with all citizens, we can mobilize to solve problems or initiate projects. It is a very creative process.

– *Evidence*, May 18, 2007

Coming up with a vision for an individual rural community is, of course, very different and probably less difficult than coming up with a vision for the breadth of rural Canada. Yet the effort is essential, as the federal government has in the past recognized. In the late 1990s, it consulted with literally thousands of Canadians about their vision for rural Canada. It distilled the results of this consultation process into three goals, namely:

- Vibrant communities and a sustainable resource base contributing to our national identity and prosperity.
- Citizens making informed decisions about their own future.
- Canadians sharing the benefits of the global knowledge-based economy and society, and taking full advantage of opportunities for personal and sustainable community development.¹³

While these are all laudable goals, they lack an accountability mechanism – and that absence is critical. How does the federal government know whether its current policy efforts are helping to create “vibrant communities” where citizens make “informed decisions about their own future” and share “the benefits of the global knowledge-based economy”? How does it know, in other words, whether rural Canadians are being well-served by their governments?

The committee believes an accountability mechanism is essential to any long-term vision for rural Canada. In fact, it should be part and parcel of that vision. To that end, the committee believes that the federal government should adopt explicit and precise initiatives, including those discussed in this report, aimed at reducing rural poverty and stabilizing the proportion of Canadians living in rural Canada within a generation. These initiatives should aim at closing the rural-urban gap in health status, educational attainment and per capita income. Therefore,

RECOMMENDATION 1-1: The committee recommends that the federal government adopt the explicit and precise initiatives discussed in this report aimed at reducing rural poverty and reversing rural decline such that a generation from now, rural Canada is a place where, as a whole, population decline in absolute terms, and as a proportion of the total Canadian population, has been halted if not reversed and where, on a range of socio- economic indicators – health status, educational attainment, and per capita income, rural Canada has closed the gap with urban Canada.

It is important to stress that this objective of stabilizing Canada’s rural population can be achieved only if rural Canada is a more attractive place to live in – economically, socially and environmentally. If, during most of our recent history, the balance of

¹³ Canadian Rural Partnership, *Responding to Rural Canadians: Federal Framework for Action in Rural Canada*, http://www.rural.gc.ca/framework_e.phtml.

incentives, social, economic and even environmental, has been towards compelling rural Canadians and especially the rural poor to move to urban Canada, the next 30 years should focus on implementing policies that increase the incentives in favour of rural Canada. The recommendations in this report are motivated by this over-arching goal. They are also, however, respective of five guiding principles that we believe need to be kept in mind when devising policy to address rural disparities:

Five principals to guide rural policy

- 1. Policy Needs to Respect Rural Diversity:** Policy needs to recognize that, in the words of Harry Cummings, Professor, School of Environmental Design and Rural Development, University of Guelph, “(r)ural is not an absolute but a continuum. Canada’s policy needs to reflect that” (*Evidence*, October 31, 2006). For the sake of simplifying the discussion, we might say that there are at least two rural Canadas:¹⁴ rural Canada that is reasonably close to urban areas, and rural Canada that is more remote. Communities in the former are most often threatened with a loss of identity; communities in the latter are most often threatened with extinction. Statistics Canada reports that in rural areas close to urban centres, more than 30% of the workforce commutes to work in the urban centre because these small communities are easily accessible by highways. It also notes that “population growth [in rural areas close to urban centres] between 2001 and 2006 (+4.7%) was close to the national average (+5.4%).”¹⁵ In more remote parts of rural Canada, by contrast, the population *fell* by 0.1% over the same period, the second consecutive intercensal decline in these more distant areas. According to Statistics Canada, “the lack of growth in such areas is often due to the fact that young adults move to metropolitan areas to pursue their education or find a job.”

¹⁴ In reality, of course, there are many shades of “rural Canada,” all existing on a continuum ranging from rural communities located near large urban centres to those that are remote and may be accessible only by air, water, or winter road, such as in the North. Dr. Cummings for example argues that we really need to think in terms of three rural Canadas – rural Canada near cities (metro-adjacent), rural non-metro-adjacent, and rural northern. Another committee witness, Dr. Mark Partridge, also argues that we need to think in terms of three rural areas but with an important twist: while he retains the “metro-adjacent” category of rural, Dr. Partridge’s other two categories are “Amenity-rich rural” – areas with strong tourism potential due to proximity to oceans, lakes, and mountains, and “Remote rural” – areas which are characterized largely by resource-dependent communities. To simplify the discussion, the committee focuses strictly on metro-adjacent versus non-metro-adjacent, with the latter concept including northern areas.

¹⁵ Statistics Canada, *Portrait of the Canadian Population in 2006: Subprovincial population dynamics*, available at: <http://www12.statcan.ca/english/census06/analysis/popdwell/Subprov7.cfm>.

2. **Policy Needs to Help Those Who Help Themselves:** Higher levels of government must use their scarce fiscal capacity judiciously, choosing to focus assistance on communities that demonstrate a willingness to help themselves through long-range strategic visions, leadership and broad-based community support and which have a realistic chance of achieving their goals. The approach we have in mind is similar to the philosophy that guides micro-credit programs (discussed in Chapter 13), namely, to provide assistance to those who show initiative, promise and perseverance. Sometimes, as in the case of communities such as Thunder Bay, Ontario, this may even mean helping communities plan for population decline and a smaller population base.¹⁶

3. **Policy Needs to be Place-Based:** The committee believes that policy needs to be *place-based*, a notion that embodies the idea that one size does *not* fit all and that recognizes the great diversity of rural Canada. Place-based thinking puts emphasis on the idea that local people need to come up with local solutions that capitalize on local assets and local enthusiasm. The role of higher levels of government, as stressed in our interim report, must be to facilitate and not dictate policy *in this context*.

4. **Policy Needs to Recognize that Rural Canada Doesn't Necessarily Want to be Urbanized:** We have to guard against the kind of thinking and policies that are premised, implicitly or explicitly, consciously or unconsciously, on the belief that rural Canada's problems are best addressed through policies that accelerate the merger of rural communities into urban ones, thereby erasing the former in favour of the latter. Rural and urban Canada must be better integrated, but not at the expense of an outright takeover by urban areas. As Chris White, Chair of the Rural Ontario Municipal Association, pointed out: "There are lots of areas just outside the greenbelt, in a horseshoe around the GTA [Greater Toronto Area], where growth and infrastructure are the major issue; you want to see if you can put the brakes on it. [...] The trick is to maintain that rural way of life in an urban sea" (*Evidence*, March 27, 2007).

5. **Rural Policy Needs to Eschew Magic Bullet Solutions:** If rural Canada, and especially resource-based rural Canada, is to break free from the vicious cycle of decline that has characterized so much of its recent history, policymakers must give up on the search for a "magic bullet" solutions. More economic development will help but as history amply teaches, simply increasing the size of the economic pie does

¹⁶ Thunder Bay is not a rural community by any stretch of the imagination, but it has historically fallen under the policy rubric of "regional" and has therefore benefited from regional economic development programs which often have a rural component. In any case, Thunder Bay suffers from many of the same afflictions as rural communities, including population decline, economic hardship from closures in the forestry sector, and high crime rates.

not necessarily mean it will be shared any more equitably. More generous social programs can also help but on their own, may not be sustainable. More immigration may help but immigrants are not anxious to move to places with crumbling roads, unsafe water and reduced access to medical services. Volunteers can play a key role but are increasingly under stress because of an aging and declining rural population. Policy must not operate in isolation.

Conclusion

We are not asking governments to throw money at rural citizens and farmers. We are continually lobbying for long-term solutions to the problem of rural depopulation and the agriculture crisis. There is a willingness and leadership from within the rural communities to improve their standard of living. We are asking governments to work with our communities in order to help them provide the tools they need to succeed, but the solutions must come from the local level.

– David Marit, President, Saskatchewan Association of Rural Municipalities,
Evidence, February 27, 2007

In a landmark 1989 report on demographic trends in Quebec, author Madeleine Blanchet asked rhetorically whether the province wanted to promote the growth of Montreal into a Singapore or a Hong Kong, and act as though the rest of the province did not exist.¹⁷ For those who might hesitate in their answer, there followed a more detailed and dystopian picture of what that kind of future might look like:

[translation] Social, health, educational, financial, business and other services would be concentrated on the Island of Montreal. Montreal's suburbs would drain more and more of the active population involved in manufacturing. The Laurentians and the Eastern Townships would become an amusement park for Greater Montreal. Quebec City would specialize in government services (unless we moved them all to Montreal) and international tourism. The rest of the province would serve no purpose other than giving us the cozy illusion that we live in a large country. Three times larger than France! Yes, but with an inhabited zone scarcely as big as Belgium's.¹⁸

¹⁷ Blanchet (1989), p. 117.

¹⁸ *Ibid.*, p. 115.

In many parts of Canada, our political and intellectual leadership seems to offer little more than this kind of dystopian vision: a country where people huddle together in increasingly dense urban outposts set in a landscape denuded of its people. To avoid this outcome, governments must devise *explicit and precise initiatives* aimed at reducing rural poverty and reversing rural decline that respects the five principles outlined above, including the recommendations outlined in this report. They must begin however by answering in the affirmative to the simple question posed by Denise Dowswell at our hearings in Prince George, British Columbia: “Does Canada want us here?”

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Rural dwellers are demanding their right to prosperity because, some people, too many, think that the rural world, still in 2007, is bound to disappear and that our governments should prepare for its funeral rather than invest in those communities. According to that belief, any development effort in the rural regions would be a burden on the communities. This culture of defeatism feeds off a lack of ideas and imagination. However, we cannot take charge of our future and progressive destiny without taking another look at things or imagining them differently. And yet these very real and profound crises reveal the limits, if not the bankruptcy, of a development model designed and managed in a centralized manner, far from the reality of the rural communities. This is the crisis of a model and of a form of governance that must be reformed, failing which the rural communities will readily fall prey to global competition.

– Jacques Proulx, President, Solidarité rurale du Québec,
Evidence, May 15, 2007

If, as the committee believes, Canada needs explicit and precise initiatives that encompass economic policy, social policy, the environment and governance issues, then, as a number of our witnesses suggested, it also needs a coordinating agent, a federal champion, to drive that agenda forward.

The idea of creating a new bureaucratic entity, however, raises a number of jurisdictional and bureaucratic concerns, as any reading of the federal government's earlier rural and regional policies demonstrates. Jurisdictionally, some of the most pressing rural issues, health, education, welfare, transportation, the environment, and municipal funding, fall largely under provincial and municipal control. From a bureaucratic perspective, any new entity would have to contend with the fact that rural issues are already addressed across a range of federal departments and agencies, including (but not limited to) the following:

- **Natural Resources Canada**, which through its resource policies has indirect responsibility for hundreds of small mining-, forestry- and energy-based communities;
- **Fisheries and Oceans Canada**, which through its fisheries policies has responsibility for hundreds of communities from coast to coast to coast and for inland fishing communities;

- **Indian and Northern Affairs Canada (INAC)**, which has responsibility not only for Aboriginal issues but also for meeting the federal government's constitutional, political and legal obligations in the North. These include settling and implementing land claims, negotiating self-government agreements, advancing political evolution, providing a suite of economic development programs under the Strategic Investments in Northern Economic Development (SINED) framework,¹⁹ managing natural resources, protecting the environment, and fostering leadership in sustainable development both domestically and among circumpolar nations;
- **Atlantic Canada Opportunities Agency (ACOA)**, which administers the federal government's regional economic development policies in the largely rural Atlantic region;
- **Canada Economic Development for Quebec Regions (CEDQ)**, which oversees a large number of rural-oriented economic development policies in Quebec;
- **FedNor**, which oversees a large number of economic development policies for areas of northern Ontario and the rest of rural Ontario; and
- **Western Economic Diversification Canada (WD)**, which is charged with delivering regional and largely rural economic development assistance to the western provinces.

The federal government does try to effect some coordination among these and other departments through a "rural strategy" called the Canadian Rural Partnership, which is delivered by the Rural Secretariat, a small group housed in Agriculture and Agri-Food Canada (AAFC). The Rural Secretariat is charged with three broad policy objectives, namely providing leadership and coordination for the Canadian Rural Partnership; facilitating liaison and creation of partnerships around rural issues and priorities; and promoting dialogue between rural stakeholders and the federal government. To achieve these objectives, the Rural Secretariat uses a variety of tools, namely

- **Rural Dialogues:** By seeking input of rural Canadians, the Rural Secretariat helps the federal government better understand and respond to local and regional issues;
- **Information Outreach Efforts:** The Rural Secretariat actively promotes awareness of federal programs and services for rural Canadians and provides one-stop web access to information of particular interest to rural Canadians through the Canadian Rural Information Service;

¹⁹ SINED grew out of a Budget 2004 Commitment to develop a "Northern Strategy" for economic development. Budget 2004 allocated \$90 million over five years to the strategy.

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- **Rural Lens:** To ensure that rural concerns are considered in the policy-making process, the Rural Secretariat reviews and evaluates all relevant policy proposals;
- **Research and Analysis:** The Rural Secretariat funds research into economic and social issues affecting rural Canada;
- **Interdepartmental Working Group:** The Rural Secretariat coordinates a partnership approach on rural issues across the federal government through the Interdepartmental Working Group (IWG) and with provinces and territories through its Rural Teams;

The Secretariat's efforts to fulfill its mandate are hampered, however, by three constraints. First, the Rural Secretariat's influence over the policy process at the federal level may not be as consequential as it could be. Under the current process, the Rural Secretariat vets (through the application of a "rural lens") all pertinent policy proposals destined for Cabinet. The minister of the sponsoring department has final say, however, over whether the Rural Secretariat's analysis appears in the final memorandum to cabinet. In other words, the minister can choose to ignore the Rural Secretariat's comments, thus effectively denying Cabinet the opportunity to see what the policy proposal might look like from a rural perspective.

Meanwhile, the Interdepartmental Working Group has become less active. Whereas it used to meet as often as every six weeks, it now meets on an *ad hoc* basis. On the other hand, there may be less of a need for the IWG in part because other departments may be more aware of the need for looking at policy from a rural perspective, in part because the Rural Secretariat now tries to affect the policy process in a less direct way through what is called the rural development network (RDN), which is a committee with representatives from all the departments that does research, helps with preparing policy materials, brings in speakers, and is open to a broad cross-section of bureaucrats, not just assistant deputy ministers (which is the case for the IWG). Donna Mitchell, from the Rural Secretariat, explained how the Secretariat influences the policy process by using the example of the federal government's infrastructure programs, which over time incorporated a more rural focus:

We have been able to work with the infrastructure people who design those programs and write cabinet submissions so that the politicians can make decisions based on rural interests. They can obtain a general understanding of how things play out in rural Canada and understand both the obstacles and the capacities. These have been have been put to good use. There are other times that, when any department makes a cabinet proposal, the government system requires them to share that information interdepartmentally so that no one is left out of the loop until something is done that might otherwise not have been done. Therefore, full advice would not go into the policy decisions of cabinet. Sometimes that is the first notice that we have. More and more, and with the creation of our network of policy and research practitioners, we seem to be in a position to feed them information, knowledge and practices that will allow them, in their own right when asked to contribute in their department to the aspects and options of the policy, to do so with full knowledge of what is happening in rural Canada. We are making progress and maturing as we go along. We have better tools but are we all the [way?] there yet? No.

– *Evidence*, October 17, 2006

There are certainly advantages to having rural concerns addressed at the front end, in the early stages, of the policy process. The committee strongly believes however that it is also important for rural concerns to be heard at the back end of the policy process, at the memorandum to cabinet stage, and that does not seem to be happening as well as it could.

The Secretariat's ability to influence the overall federal policy agenda is potentially hampered by another constraint, namely the uncertainty of its future funding. Since inception, the Rural Secretariat (via the Canadian Rural Partnership) has had to continually fight for new money.²⁰ Initially, the Canadian Rural Partnership was given \$20 million over a four year period from 1988 through 2002. This was followed by a \$55 million commitment for five years from 2003 through to 31 March, 2008. With this most recent funding nearing its end-date, the Secretariat only got word on its fate in late February 2008, when an order-in-council was released to extend the Canadian Rural Partnership's funding one more year through to 2008-09.²¹ The 2008-09 Main Estimates, however, show that absent additional monies from supplementary estimates, funding for the Rural and Co-operatives Secretariats will fall to \$15.6 million, down from the \$27

²⁰ In bureaucratic terms, the Rural Secretariat is *not* part of Agriculture and Agri-Food Canada's "A"-based or permanent funding.

²¹ Government of Canada, "Order in Council Number 2008-0396," February 28, 2008..

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million identified in the 2007–2008 main estimates.²² While more long-term funding for the Rural Secretariat’s may yet emerge as part of the federal government’s new agricultural policy framework or some other mechanism, the uncertainty over what is likely to happen, at a minimum, makes it difficult for the Rural Secretariat to engage in any of the long-term planning that rural Canada badly needs.

Third and finally, the Rural Secretariat is arguably hamstrung by the simple fact that it is located in AAFC. That location has two important consequences. First, despite the Secretariat’s best efforts, it seems to have a relatively low profile in Ottawa and amongst rural Canadians. Only a handful of witnesses discussed the Rural Secretariat in their presentations to the committee when clearly it should be top-of-mind for any rural Canadian seeking greater federal assistance. Second, its association with AAFC contributes to the erroneous but widespread impression that *rural* Canada is synonymous with *agricultural* Canada, and that rural Canada’s concerns can therefore be effectively addressed solely through agricultural policy. This is clearly not the case. In Newfoundland and Labrador, for example, the agricultural sector represents less than 0.5% of GDP;²³ yet surely that province should not be excluded from any definition of rural, nor should agricultural policies be expected to address most of its rural needs. The same can be said for the three Northern Territories and much of the northern and coastal areas of the provinces. Furthermore, it is important to note that an increasing proportion of agriculture in Canada takes place within urban confines as defined by Statistics Canada.²⁴ All of this is not to say that agriculture is unimportant to rural Canada, far from it. In the Prairie provinces and Prince Edward Island for example, agricultural is of course vitally important to the rural economy. The point is simply to remind ourselves that rural Canada is a diverse place, one where, as the committee stressed in its interim report, the economy is based on forestry, mining, fisheries, and increasingly on the manufacturing and the service sectors.

²² It seems likely that additional monies will in fact become available through supplementary estimates. Note also that at the time of writing, final funding data for 2007-08 were not available.

²³ This figure was obtained by using data from Statistics Canada’s CANSIM Table 379-0025, which provides gross domestic product by industry at the provincial level. Agricultural economic output was defined as the sum of “Crop and animal production” plus “Support activities for agriculture and forestry.”

²⁴ Statistics Canada recently reported that over 15.5% (35,467) of the 229,373 farms counted in the 2006 Census of Agriculture had their headquarters in one of Canada’s 33 census metropolitan areas.

Many of the committee's witnesses were adamant on the need to move away from the tendency of thinking that "agricultural" and "rural" are synonymous. Jacques Proulx, a former farm-leader from Quebec and currently President of Solidarité rurale du Québec, argued that distinguishing between these two terms should be one of the committee's top priorities above and beyond any of its specific recommendations:

Sending a clear signal to rural dwellers in all provinces means finally recognizing the obvious fact that rurality does not just mean agriculture and that it deserves its own place in the government's decision-making process. [...] Agriculture can no longer be the driver of rural development. That can no longer be the case. This is another world. Globalization has greatly changed things. If decision-makers changed this paradigm that would be an extremely important step taken. I am not saying that to disparage agriculture; it is globalization that has produced these results.

– *Evidence*, May 15, 2007

The Organisation for Economic Co-operation and Development (OECD), for its part, has coined the term "the New Rural Paradigm" because as Nicola Crosta, Head of the Rural Development Unit at the OECD noted: "What we observe in OECD countries is that one thing that has been fairly problematic is precisely this idea that rural development is largely synonymous with agricultural developments. The debate then becomes one that deals with whether or not we should support large or small farms. That is a debate that tends not to lead the rural countryside very far. (*Evidence*, February 14, 2008)

As Roberto Villarreal, Head of Division, Organisation for Economic Co-operation and Development, explained: "For us, "rural" is not synonymous with "agricultural." It encompasses a wide array of issues of development." (*Evidence*, February 14, 2008). Mark Shucksmith, a professor of planning at the University of Newcastle, cautioned however that a new label for rural policy does not necessarily lead to new policy: "Indeed, in the European Union, there has been much said about this change and many claims that it is happening. In practice, however, agricultural interests have managed to keep a hold of the budget and most of the money still goes to farmers. Very little goes towards the sorts of territorial rural development programs which the OECD has identified as perhaps paradigmatic of the future. (*Evidence*, February 28, 2008)

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To summarize then, any effort to rethink the way rural issues are handled at the federal level has to contend with (a) the fact that rural issues are already addressed across a wide range of government department; (b) that the Rural Secretariat's ability to influence the policy process has been constrained; and (c) that agricultural policy is not the best way to address rural issues. A brief review of the historical record highlights some of the lessons to be learned from previous efforts to put more attention on rural/regional policies.

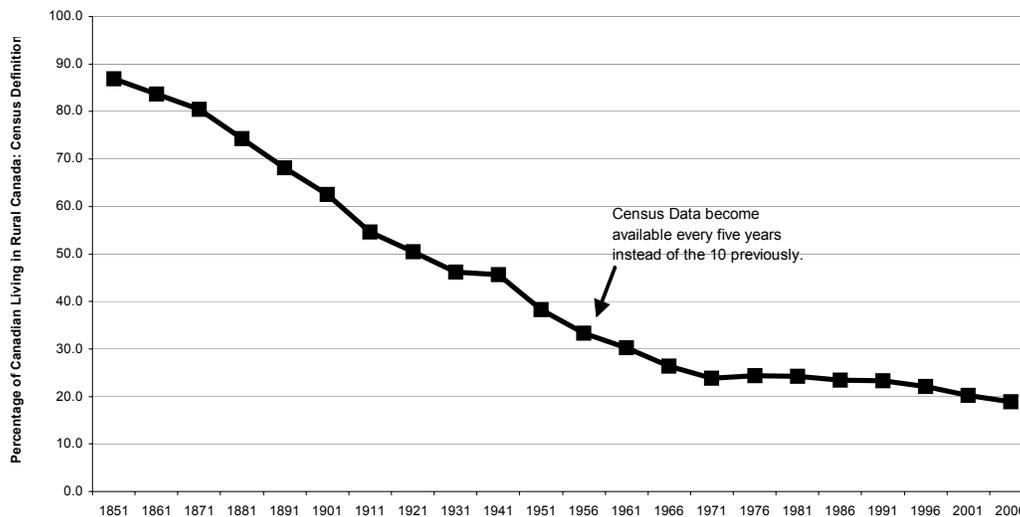
Lessons From the Past

From a population perspective, rural Canada has been in a more or less perpetual crisis since Confederation. Figure 2-1 shows that with the exception of the Great Depression era from 1931 to 1941 and an interlude in the 1970s, rural Canada's population as a proportion of the Canadian total has fallen steadily since the mid-19th century. Even in the prosperous 1960s, the Canadian Council on Rural Development (a now-defunct rural research group funded by the federal government) argued that "the word 'crisis' is not too strong to describe the situation now facing the rural Canadians."²⁵ In absolute terms, the number of rural Canadians peaked at 6.3 million in 1991. The 2006 Census put that number at about 5.98 million.²⁶

²⁵ Canadian Council on Rural Development, *Rural Canada 1970: Prospects and Problems*, Ottawa, 1969, p. 1. The Council's pessimism was reflected in its population forecasts – in the same 1969 report, it projected that rural Canada's population would fall to 19.7% by 1981, when in fact rural Canada's population increased slightly to 24% over the 1970s and fell to 19.7% only in 2001, some 20 years later.

²⁶ For the most recent data, see Statistics Canada, *Portrait of the Canadian Population in 2006*, Table 8, at the following website: <http://www12.statcan.ca/english/census06/analysis/popdwell/tables.cfm#tables>

Figure 2-1
Rural Population as Percentage
of Total Canadian Population, 1851 - 2006



Source: Statistics Canada, Census of Population, 1851-2006, using the "Census Rural" definition. The census "rural" population for 1981 to 2001 refers to persons living outside centres with 1,000 population AND outside areas with 400 persons per square kilometre. Prior to 1981, it differed slightly but consistently referred to people living in communities of fewer than 1,000 persons.

The federal government has long recognized the important and growing economic disparities between rural and urban Canada. In the 1950s, in the midst of an era of prosperity, it became increasingly apparent that the nation's income and wealth were not being distributed evenly. Until the early 1960s, however, the government tended to address rural Canada's relative decline on an ad hoc basis, putting in place programs and institutional structures such as the Prairie Farm Rehabilitation Administration and the Maritime Marshland Rehabilitation Administration to address relatively specific problems.²⁷ The Royal Commission on Canada's Economic Prospects (the Gordon Commission) helped draw attention to these widening regional disparities. The Commission sought to address them by recommending spending on transportation infrastructure and measures to increase investment in the Atlantic provinces. Above all, it recommended that the federal government move away from ad hoc efforts to help Canada's less-developed regions and instead adopt a more coordinated and comprehensive strategy. By 1961, Walter Gordon, who had headed the Commission some years earlier, was arguing that the federal government needed to adopt a broad

²⁷ Gordon F. Osbaldeston, *Organizing to Govern*, McGraw-Hill Ryerson, Toronto, 1992, p. 51.

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strategy aimed at helping lagging areas throughout Canada, not just the Atlantic provinces.

Over the next 45-odd years, the federal government adopted a number of policies ostensibly aimed at addressing these disparities. They were all, at best, only modestly successful. Many areas of rural Canada are still struggling with poverty, and regional economic disparities persist. The remainder of this chapter focuses on distilling the historical record into a few important lessons that may provide a basis for considering what the next generation of rural organizational structures and policies might look like.

From ARDA To Regional Development Agencies

The federal government's first serious attempt to address rural disparities emerged in the form of the policies introduced in the 1960s under the *Agricultural Rehabilitation and Development Act* (ARDA) and its successor, the *Agricultural and Rural Development Act* (ARDA II). In an article published in 1985,²⁸ Dr. Anthony Fuller, a professor at the University of Guelph's School of Environmental Design and Rural Development and one of the committee's early witnesses in its study, argued along with co-author M.B. Lapping that while both versions of ARDA included innovative features aimed at addressing rural poverty and rural disparities, including for example the use of rural development officers and broad public consultations, these innovations eventually gave way to an increasing focus on an urban-centric model of industrial development.

Since ARDA, and along with this shift in emphasis, most of the federal government's efforts to address economic imbalances have been oriented towards addressing regional disparities largely from an economic development perspective. Unfortunately, the meaning of the term "region" has never been entirely clear or consistent. Sometimes, it has been used to describe provincial groupings such as the Atlantic provinces or the West. In other instances, it has been used to describe areas within provinces, such as the Gaspésie region of Quebec, northern Ontario, the northern Prairies, northeastern New Brunswick, or Cape Breton. (The designation of a provincial area as a "region" has been

²⁸ M.B. Lapping and A.M. Fuller, "Rural Development Policy in Canada: An Interpretation," in *Community Development Journal*, Oxford University Press, Volume 20, No. 2 (April), pp. 114-119.

politically contentious, because areas so identified were eligible for “regional” funding while others were not.)

From the perspective of the committee’s study of *rural* Canada, it is important to recognize that the term “region” has not always or necessarily overlapped with “rural,” either as commonly understood or as formally defined by Statistics Canada. The city of Sudbury, for example, is far from being “rural” in either a common or a Statistics Canada sense; but it lies within the northern Ontario “region” and has historically benefited from regional economic development programs and policies. The definition of “region” has been further muddied by shifts in regional economic development theories. Under the Department of Regional Economic Expansion (DREE), for example, regional economic development initially meant assistance targeted at *urban* parts of a given region. Influenced by what was known as the “growth pole” theory, officials believed that the best way to generate broad economic growth for a region *as a whole* was to focus subsidies, incentives, and infrastructure expenditures on a few key urban or semi-urban centres. According to Donald Savoie, one of Canada’s most knowledgeable scholars on the history of Canada’s regional development policy, this approach eventually lost political favour because communities and politicians in non-urban areas criticized it as inequitable.²⁹

Despite the contentious and unstable nature of “regional” definitions, the underlying purpose of regional economic development policy has nevertheless been constant. That purpose is defined largely by the belief that a strong and sustainable political federation requires some degree of economic equality among the various parts of the country – a belief eventually enshrined in Section 36, article 1, of the 1982 *Constitution Act*. Under the heading “Equalization and Regional Disparities,” this article commits the federal government to:

- promoting equal opportunities for the well-being of Canadians;
- furthering economic development to reduce disparity in opportunities; and
- providing essential public services of reasonable quality to all Canadians.

²⁹ See for example Donald J. Savoie, *Visiting Grandchildren, :Economic Development in the Maritimes*, University of Toronto Press, Toronto 2006, and *Regional Economic Development: Canada’s Search for Solutions*, University of Toronto Press, Toronto, 1992.

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This concern with ensuring some degree of equality not simply for equality's sake but also for the larger aim of preserving a stable federation points to another important constant: policy-making has always striven to balance, on the one hand, the recognition of provincial jurisdiction over the regions and, on the other, the federal government's goal of implementing national standards that highlight federal visibility and responsibility.

This federal-provincial tension has expressed itself in the various configurations of regional development policies. DREE *circa* 1968–1972, for example, was largely a centralized institution, managed out of Ottawa, which allocated funding with minimal provincial input. DREE *circa* 1973–1982, by contrast, was more decentralized, with the provinces having much more discretion over which projects to fund. The Department of Regional Industrial Expansion (DRIE), *circa* 1982–1986, fell somewhere between these two extremes, as has the regional development agency approach employed since 1987.

The historical record also shows that efforts to address these federal-provincial tensions by decentralizing federal bureaucracies to areas outside the National Capital Region can benefit the destination communities and the federal government as a whole. Such efforts must be chosen and managed carefully, however, because as Professor Savoie argues, they tend to breed resentment among public servants forced to choose between their jobs and their community. They can also trigger concerns within the bureaucracy about possible shifts in allegiances and influences: will a regionalized federal division or agency identify itself too closely with provincial concerns, and will it lose access to high-level decision-making in Ottawa?

The federal government's efforts to address regional economic disparities have also been strongly shaped by changing theoretical perspectives. The influence of the growth pole theory has already been mentioned. It is also important to recognize that even the first and second versions of ARDA, while less focused on industrialization and urban investment *per se*, were premised on the belief that agricultural consolidation was important for the long-term sustainability of the farm sector and that industrialization was an important component of any sustainable economic future. These overarching goals translated into policies that included land purchases from retiring farmers, sales of this

land to larger farms (i.e., consolidation), the removal of marginal agricultural land from production, and the establishment of community pastures. In other instances, the federal government put in place policies more explicitly aimed at encouraging and accelerating the rural depopulation that was already taking place. An example is the Federal-Provincial Resettlement Agreement signed with Newfoundland in 1965. Over 10 years of operation, the resettlement program helped some 20,650 people move from outport communities³⁰ into larger centres (called “Special Areas”) in order to provide the labour necessary for the province’s promised – but never fully realized – industrial revolution.³¹ In all, 148 communities were displaced under the resettlement program at a cost of \$10.8 million.³²

In addition to these technical, theoretical and administrative concerns, the various programs and policies intended to promote economic equality have often been shaped by a mismatch between fiscal need and fiscal capacity: whereas local and provincial governments have traditionally had the financial needs, the financial means were often found at the federal level.

Finally, the historical record shows that federal regional development policy has often been changed for largely political reasons rather than theoretical or economically expedient ones. In the 1960s, for example, an increased political preoccupation with national unity led to the creation of DREE and efforts to ensure federal visibility in the regions.

To summarize: six key lessons can be drawn from previous attempts to address regional/rural concerns:

- (1) The federal government has always had an interest in using regional policy for larger national unity objectives, and has therefore been concerned to ensure that its efforts receive some sort of political profile.

³⁰ Newfoundland and Labrador, *Resettlement Program Statistics 1965-1975*, [s.l. : s.n., 1975] Summary Table, Section 4.

³¹ These “Special Areas” included communities identified as having important “employment potential” and included off-shore fishery communities and forestry-based communities.

³² Newfoundland and Labrador [s.l. : s.n., 1975]. For details on the first phase of the resettlement program (1965–1970), see also Parzival Copes, *The Resettlement of Fishing Communities in Newfoundland*, Canadian Council on Rural Development, Ottawa, April 1972, pp. 104–5.

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- (2) While furthering this national unity objective, the federal government has at the same time had to respect provincial jurisdictional rights and local know-how.
- (3) Efforts to decentralize bureaucratic operations are not always simple but under the right circumstances, they can generate positive results for both the destination communities and the federal government.
- (4) Bureaucrats in Ottawa may suspect that a regionalized federal division or agency will identify itself too closely with provincial concerns when implementing rural and regional policies.
- (5) The federal government's regional development policy has often been changed for largely political reasons, e.g., to highlight national unity or respond to budgetary constraints.
- (6) Regional economic development has often been premised on a kind of "trickle-down" theory implicit in the growth pole approach and many modern-day calls for an urban agenda. This approach holds that what is good for urban Canada is also necessarily good for rural Canada. Unfortunately, it is wrong.

Recent Rural Events

As a result of budgetary constraints in the early to mid-1990s, new federal initiatives in regional/rural development were put on hold and all the regional development agencies except CED-Q were subject to substantial budget cuts.³³ A renewed concern for rural issues, however, was signalled by the 1996 Speech from the Throne, which outlined the federal government's commitment to "the economic renewal of rural Canada" and to addressing "the problems facing rural Canadians in a way that is tailored to their needs" so that "all Canadians benefit from economic prosperity."³⁴ On the heels of this throne speech, the House of Commons Standing Committee on Natural Resources in 1997 released a report called *Think Rural!*, which among other things recommended a new separate line department called the Department of Rural Affairs.³⁵ Over the ensuing

³³ The budget for CED-Q, at that time called the Federal Office of Regional Development – Quebec, actually doubled during this period, rising from \$184.6 million in 1993–1994 to \$376.2 million in 1995–1996.

³⁴ Speech from the Throne to Open the Second Session of the Thirty-Fifth Parliament of Canada, available at: http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=sftddt&Doc=sftddt1996_e.htm.

³⁵ Specifically, the committee recommended that: "A new Minister of Rural Affairs should be assigned responsibility for coordinating the activities of federal departments active in rural economic development. The new Minister should be supported by a staff of adequate size, incorporating the Rural Secretariat currently situated within Agriculture and Agri-Food Canada."

years, the federal government announced a number of initiatives in line with its 1996 Throne Speech pledge, including funding for the Rural Secretariat (created in 1996), rural health initiatives, a new Municipal Rural Infrastructure Fund (MRIF), and various broadband Internet initiatives.

The rural agenda, however, seems to have receded in importance since 2002. One of the first signs of this waning interest was the federal government's decision to allow funding for its rural health initiative to lapse. Since 2004, problems with the MRIF have become increasingly apparent and, despite complaints from rural communities, these are not being addressed. As the committee heard on a number of occasions, the cost of submitting applications deters many small rural communities from participating in the MRIF. Meanwhile, the broadband initiative has not quite lived up to its promise: large areas of rural Canada still lack access to high-speed Internet service. Finally, the federal government did not act on the *Think Rural!* report's recommendation for a new rural department.

Designing A Rural Mandate

Rural Canada clearly needs a strong voice in Ottawa. But what shape should it take? The historical record suggests that the government should avoid proposals that involve a massive reorganization aimed at grouping all the various components of rural policy into a single department. Bureaucratic complications, the possibility of organizational culture clashes, the cost of restructuring, and the risk of ghettoizing rural issues would likely outweigh any benefits that might accrue from a more centralized approach. At the same time, it is equally clear that rural Canada's needs are not being properly addressed. Don Johnson, Chair of the Rural Forum of the Federation of Canadian Municipalities, told us that despite the Rural Secretariat's best efforts, rural issues sometimes get

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...lost in the shuffle, so I struggle with the fact that there is no clear ministry that can direct and dedicate resources and be an advocate within cabinet on behalf of rural communities. It is easy for the cities of Toronto, Montreal, Calgary or Vancouver to receive press and coverage. The mayor of Calgary can take a plane to visit the Prime Minister, and they have done that in the past, but for a reeve of a small rural county or a village, where do they go? There is no champion in government who specifically deals with rural matters.

– *Evidence*, May 10, 2007

The Rural Secretariat as it is currently structured clearly lacks the financial and bureaucratic clout to forcefully defend rural Canada's interests in Ottawa. Given the importance of breaking, once and for all, the belief that rural policies are synonymous with agricultural policies, the committee believes that the federal government should create a new Department of Rural Affairs.

There remains however a question of the responsibilities that should be assigned to this proposed Department of Rural Affairs. From the review of the historical evidence, the committee does not support a wholesale restructuring of the federal bureaucracy. Rather, it endorses the current set of regional development agencies and the distribution of rural responsibilities across several departments. Instead, we believe that the proposed Department of Rural Affairs should at a minimum be given financing that will enable it to expand its current range of activities. The committee is impressed by what the Rural Secretariat has been able to achieve with its limited financial and institutional means. It has, for example, helped fund useful research, including Statistics Canada's *Rural and Small Town Canada Analysis Bulletin*; it has paid for and maintained the Rural Information Database, a useful statistical repository about rural communities; it has funded "models" programs in education, immigration, and health (among others), some of which are discussed later in the report; and it has helped sponsor conferences, round tables and discussion groups with rural citizens and rural researchers in an effort to develop a better understanding of rural issues and concerns. In later chapters, the committee makes recommendations that if accepted, would add other responsibilities, many of them research related, to the proposed Department of Rural Affairs.³⁶

³⁶ These recommendations refers to the "proposed Department of Rural Affairs" rather than the "proposed Department of Rural and Affairs and/or Rural Secretariat" both for expediency's sake (fewer words) and in the hope that the federal government will act on its recommendation to create just such a department. This

Finally, the committee believes that ministers from other departments should not have the option of omitting the Rural Secretariat's rural lens analysis from their memoranda to cabinet (MCs). All MCs should include both the Rural Secretariat's analysis, which we believe should be called the "rural fairness lens," and the department's response to that analysis. Adding this layer of accountability would ensure that rural concerns are heard at the highest levels of decision-making until the proposed Department of Rural Affairs comes into being. With these considerations in mind, therefore,

RECOMMENDATION 2-1: The committee recommends the federal government create a new Department of Rural Affairs which would assume and expand on the responsibilities currently assigned to the Rural Secretariat. In the meantime, the committee recommends that all memoranda to Cabinet include the Rural Secretariat's analysis of the policy or program's likely impact on rural Canada, as well as the sponsoring department's response to that analysis.

There is one other organizational issue that the committee believes should be addressed, namely the peculiar status of FedNor. FedNor is the only regional development group without agency status; moreover, it is the only regional development group without a broad mandate to address rural and regional concerns across the entirety of its nominal jurisdiction (i.e., Ontario). Thus, FedNor currently has no policies aimed explicitly at southwestern Ontario, a region that clearly has both regional and rural concerns, as the committee learned in its travels.

What FedNor does do, it does well. For example, it had a key role in getting Laurentian University's medical training program off the ground – something that will help all of rural Canada. It also received warm reviews from our witnesses. Bob Young, Mayor of Powassan (population 3,309 in 2006, up 1.8% from 2001), told us for example that his municipality has had a good relationship with FedNor: "They have been a great partner for us, not only for the internship for the economic development officer, but also for strategic planning and other projects. They have always been there and been very supportive of anything that we have asked for. FedNor has been very, very good for us." (*Evidence*, April 17, 2007) Scott Merrifield, FedNor's Director of Policy, Planning and

practice should *not* be taken to mean that the validity or usefulness of these recommendations hinges on the creation of a Department of Rural Affairs. They could all be implemented, at least in theory, by a more robust Rural Secretariat with the necessary long-term funding commitment and expanded "rural lens" powers.

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Coordination, said FedNor differs little from the regional development agencies except in its bureaucratic status: “Functionally, we do pretty much the same thing as the regional agencies; but structurally, we do not have our own legislation like the other agencies do. They would have the status of separate departments, whereas we are within Industry Canada. However, we are functionally similar and do the same kind of work; our approaches are similar, but still respecting the differences of the regions.” (*Evidence*, May 31, 2007)

The committee sees no reason why FedNor should remain the poor cousin of regional development, especially given the challenges faced by the Ontario economy in both the north (forestry) and south (manufacturing).

RECOMMENDATION 2-2: The committee recommends that FedNor’s mandate be broadened to include the entire province and that it be given agency status. Moreover, the committee recommends that FedNor’s name be changed to reflect this new, broader mandate.³⁷

A Greater Federal Presence In Rural Canada

Over the last 30 years or so, the federal government’s presence in many parts of rural Canada has declined almost to the vanishing point, forcing rural residents to travel increasingly long distances to regional and urban hubs in order to access federal services through, for example, Services Canada. In many communities, the only visible sign of federal presence is the post office or rural mail carriers. As Harold Flaming, Executive Director of The Ontario Rural Council, noted “We seem to be retracting the locations of service access points. As opposed to requiring people to travel two or three hours to that central point, let us look at maintaining that particular government service within that broader area.” (*Evidence*, March 29, 2007)

Some other countries where rural populations are widely dispersed, such as Australia, have taken steps to address this problem by combining a range of services in a single location, a “one-stop shopping approach” to delivering government services. Unlike

³⁷ In order to simplify the discussion going forward, the committee will adopt the (common) practice of talking about FedNor as if, in fact, it were an agency instead of operating under the aegis of Industry Canada.

Australia, however, Canada's federal government is responsible for delivering only *some* of the services typically found in rural Canada. Many important social services, for example, are delivered by the provincial and municipal governments.

The committee believes that the federal government should consider working with the provinces and the municipalities to deliver as many services as it can through as many regional and rural delivery points as possible. The role of rural post offices, for example, could perhaps be expanded to provide a range of federal, provincial/territorial and municipal services that might otherwise be unavailable and, in so doing, save the rural post office itself from closure. The committee recognizes, of course, that this proposal would involve a great deal of negotiation and would likely be difficult to implement. It is important, however, to put the idea on the policy agenda.

RECOMMENDATION 2-3: The committee recommends that the federal government work with provincial, territorial and municipal governments to identify ways in which a range of existing and new services might be delivered through existing rural infrastructure points such as rural post offices.

The federal government can also increase its presence in rural and regional Canada by shifting elements of the federal bureaucracy outside of the National Capital Region – a practice that could also generate important economic growth for the destination communities. Mark Partridge, professor of economics and holder of the Swank Chair in Rural-Urban Policy at Ohio State University (and formerly of the University of Saskatchewan), told the committee that he sees no reason why more government services could not be located in rural parts of the country so long as the destination communities have the necessary skilled workers: “the kinds of services you are describing could be done right now offshore in India. Why can they not be sent to smaller rural communities and spread the wealth out? In that sense, there are many government services that could be centred in rural communities. They could build critical mass, build regions and create opportunities, so you get spillovers and multiplier effects in the entire region.” (*Evidence*, October 26, 2006)

Pauline Raven, a research associate at the Canadian Centre for Policy Alternatives, made a similar argument at the committee's hearings in Annapolis Royal, Nova Scotia (population 444 in 2006, down 19.3% from 2001):

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There is much that governments could do in the way of decentralizing jobs. We now have very good data transfer capacity. We no longer need to store things in filing cabinets; they can be stored in much more user friendly and transferable ways. Communications costs are much lower. There is no reason why more public service jobs could not be located in rural Canada. They do not all need to be in Toronto and Ottawa, or even in Halifax, in the larger centres. Many of those public service jobs could be brought to rural Canada. We see call centres coming to rural Canada but do not see our governments bringing public service jobs to rural Canada. That could happen relatively quickly, and it would have a huge impact on employment in rural Nova Scotia and in other rural areas.

– *Evidence*, February 22, 2007

Darren MacLeod, managing lawyer of the Annapolis Royal office of Nova Scotia Legal Aid, echoed these sentiments, noting that the creation of Citizenship and Immigration offices in Sydney, Nova Scotia, “has had a significant impact on that economy. [...] with the technology we have available today, decentralization should be possible.” (*Evidence*, February 22, 2007)

In her presentation, Jeanette MacAulay, Deputy Minister of PEI’s Department of Social Services and Seniors, said that the relocation of a Veterans Affairs office from Ottawa to Prince Edward Island in the 1980s has, on balance, been good for the province:

We have seen a shift in our culture. The numbers of English and French-speaking people have changed because of Veterans Affairs Canada in particular, and that has been very positive for our community. I think it has added a lot to P.E.I. It is an asset. Many of our leaders within the volunteer sector are from the federal government. Also, it has been quite beneficial to have good paying jobs. Altogether it has been very positive.

– *Evidence*, February 20, 2007

According to Statistics Canada, there were some 377,700 federal government employees in 2006 and three-quarters of these (75%) worked in census metropolitan areas (CMAs).³⁸ Of the total federal government employees across the country, some 31.2% were in the Ottawa-Gatineau metropolitan area.³⁹ The committee believes that

³⁸ Statistics Canada, “Federal government employment in census metropolitan areas,” *The Daily*, November 29, 2006, available at: <http://www.statcan.ca/Daily/English/061129/d061129e.htm>. A CMA, by definition, has an urban core population of at least 100,000 and includes all neighbouring census subdivisions (CSDs) where 50% or more of the employed labour force living in the CSD commutes to work in the urban core or where 25% of the employed labour force in the CSD commutes to work from the urban core.

³⁹ *Ibid.*

many of these employees, especially those engaged in “back-office” support roles, could be moved to regional centres in rural Canada. Therefore

RECOMMENDATION 2-4: The committee recommends that the federal government move at least 10% of its existing large urban centre employees to regional centres in rural Canada.

Conclusion

History teaches that reorganizing the federal bureaucracy is often a complex exercise that may fall short of its goals. The recommendations outlined here are designed to respect that understanding of history while also ensuring that rural issues are heard at the highest levels of the federal government.

SECTION II:

**RE-INVIGORATING RURAL
ECONOMIES TO REDUCE POVERTY**

CHAPTER 3: AGRICULTURE AND RURAL LANDSCAPES

The Farmer Feeds Them All

The politician talks and talks, the actor plays his part.
The soldier glitters on parade, the goldsmith plies his art.
The scientist pursues his germ, o'er the terrestrial ball.
The sailor navigates his ship, but the farmer feeds them all...
The workman wields his shiny tools, the merchant shows his wares.
The astronaut above the clouds, a dizzy journey dares.
But art and science soon would fade, and commerce dead would fall,
If the farmer ceased to reap and sow, for the farmer feeds them all.⁴⁰

While it is important to recognize that “rural” is more than just agriculture, it is equally important to recognize that the term evokes, for many Canadians, iconic images of small farms surrounded by field crops and rolling landscapes; of livestock in fields and barns; of grain elevators, threshers and rural food markets. Increasingly, however, these images are becoming more the stuff of childhood bedtime picture books and Hollywood lore than contemporary reality. The rural landscape may look familiar but for the most part, agriculture in Canada is nothing like it used to be. The small family farm is disappearing or at least changing radically, and with it, much of what think of as rural Canada.

The reasons for this trend are well understood. Agricultural practices have already been substantially modernized over the past 50 years. Today in Canada, as in the rest of the developed world, fewer farmhands are needed while farm size and production capacity have increased dramatically.⁴¹ It thus takes fewer farmers to produce more food than ever before. Farmers also operate within an increasingly complex and interconnected agricultural and agri-food system that supplies both domestic and world markets. It takes technological know-how, risk management resources and marketing skills to navigate a modern farm operation successfully.

⁴⁰ Read by Senator Gustafson, 26 April 2007; quoted from the *Creemore Echo*, 18 March 2005.

⁴¹ The trend towards fewer but larger operations has not been limited to the farm level; it is seen in businesses that supply farm services and inputs as well as the food distribution, retail, and wholesale food sectors. Some have argued that this has contributed to the farmer's return being increasingly squeezed out from the final consumer purchase.

Given these broad trends, many farm operations find it difficult if not impossible to make ends meet. They cannot expand fast enough to lower their production costs; and even when they do, input costs often eat away at their profits. The committee heard many inspiring stories from farmers who, while faced with formidable obstacles, have managed to keep their farm operation afloat. However, the committee has also heard from many who believed there is no future in agriculture, either for them or for their children. Worse yet, some of our witnesses argued that federal agricultural policy has quietly encouraged struggling farm operations to get out of the business, and in so doing, contributing to the depopulation of Canada's rural agricultural landscape.

In this chapter, the committee looks at policy proposals that it believes could support and sustain the farm sector and reduce poverty amongst farm households. For the most part, the recommendations are built around policies that promote and recognize the valuable societal benefits associated with agriculture and sustainable rural landownership practices. The chapter begins however by reviewing recent trends in the agricultural sector.

The Farm Challenge

Producers who make their living off the farm have reacted in several ways to counter low farm incomes. Some producers have increased the size of their farms to decrease their unit cost of production. Other producers have not increased their land base but have attempted to increase efficiency by changing their farming methods, such as raising more livestock, changing to cow-calf operations, developing a feedlot or switching to more specialty crops on irrigated land. Other producers have sold a portion of their land to counter low income and still others have rented land to other producers and taken off-farm jobs. That situation is a fact in all our rural communities.

– Lynn Jacobson, President, Alberta Soft Wheat Producers Commission,
Evidence, March 6, 2007

We have had situations in my part of the world where a 50-year-old farmer — literally the same age I am — has just thrown in the towel this year. This is probably one of the hardest working men I have ever met in my life. We grew up together. He has farmed all his life. It is not his fault. Input costs and low commodity prices have put him in a situation where he has just had to turn his land back. That is happening more and more.

– David Marit, President, Saskatchewan Association of Rural Municipalities,
Evidence, February 27, 2007

As the committee showed in its interim report, the aggregate farming data suggests a troubling picture of a troubled sector: real net market farm income⁴² has hovered at or below zero since about 1987, with government program payments accounting for almost all of the farm sector's realized net income over this period. Even the recent increase in a range of agricultural commodity prices caused by an increase in global demand, normally a very positive sign for farmers, has been tempered by rising input prices and the appreciation of the Canadian dollar, leaving aggregate farm business income flat or only slightly higher than it has been over the last 20 years.⁴³

Data from the 2006 Census reveal one consequence of this stagnant income picture: between 2001 and 2006, the number of census farms in Canada fell by 7.1% to 229,373,⁴⁴ continuing a well-established trend that began in the 1930s. Anecdotal evidence puts a human face on this grim statistic. Shawn Carmichael, Director of the Leeds and Grenville Landowners Association, painted a picture of the dramatic changes that have taken place in the farming areas of eastern Ontario at the committee's meeting in Athens, Ontario:

Forty years ago in our area, in a square mile from our house, we had over 12 milk producers and those milk producers milked, on average, 30 or 40 cows. Back then, neighbour helped neighbour. Everyone up and down the road helped one another and looked after one another. No one was rich, but no one was living in

⁴² Real net market farm income is defined as "realized net income" less "government direct payments," adjusted for inflation. Realized net income is defined as the difference between a farmer's cash receipts and operating expenses minus depreciation, plus income in kind.

⁴³ According to Statistics Canada, "Canadian producers saw their realized net income fall for the second consecutive year in 2006 and hit its lowest level since 2003. Rising interest, wage and fuel costs, together with falling hog receipts and program payments, more than offset increases in revenue from crops and cattle." See Statistics Canada, "Farm Receipts," *The Daily*, 26 November 2007, available at: <http://www.statcan.ca/Daily/English/071126/d071126a.htm>

⁴⁴ Statistics Canada, *2006 Census of Agriculture*, available at: <http://www.statcan.ca/english/agcensus2006/index.htm>

poverty either. Today in that same square mile, we have one producer, and that one producer is milking 300 cows. You might ask how this affects our rural economy. Well, it does, because now one producer buys all of his inputs outside of the local economy, whereas before, 12 producers bought their inputs within the local economy and supported the local economy. They went to the hardware store and the grocery store. There was a cheese factory almost every five miles down the road. Those cheese factories employed local people. In return, we supplied those cheese factories with local milk. Today, there are no local cheese factories; they are all gone. To understand how that affects the local economy, when you no longer have those producers producing, that money is no longer there in the local economy, supporting the community.

– *Evidence*, March 30, 2007

David Campbell, one of the surviving dairy farmers in the same area of eastern Ontario, told the committee that the consequence of these trends can be seen in a number of ways: “Many of our farmers are in trouble. The stress line is working overtime. We should not even have a stress line. Farmers need help. I have come through many tough times and I do not want to see the next generation do what I have had to do and live the way I have had to live. That is my bottom line.” (*Evidence*, March 30, 2007)

Some farm families cannot make ends meet even when they rely on off-farm income. As Gib Drury, President of the Outaouais-Laurentides Beef Producers, stated, these farmers are “in general ... asset-rich, heavily debt-burdened, not cash-strapped, but cash-broke. They do not have the money in their pockets and they have probably achieved the limit of what they can borrow at the bank.” (*Evidence*, June 8, 2007)

When the family finances are in trouble, a farmer’s sense of self-worth often suffers as well, putting enormous strain on the household, as Diane Martz, Research Manager at the Prairie Women’s Health Centre of Excellence, noted:

Ideas about self-sufficiency are really important to people, especially men who are farming. Many of the men whose family farm operations are in financial difficulty blame themselves. They blame themselves for letting down the generations that came before them, that went through the Depression, that kept the farm going and that have put all of their years — almost a century in many cases — into the farm. They see themselves, in this particular financial crisis, as carrying that burden and shouldering the blame for allowing that farm to go out of business, and also for not enabling their children to farm.

– *Evidence*, November 23, 2006

Further analysis of the farm income data provides a clearer picture of just *who*, statistically speaking, is suffering the brunt of these long-term income trends and who, exactly, is getting out of the farming business. Table 4-1 shows income breakdown by farm size for 2004, using a typology developed by Agriculture and Agri-Food Canada (AAFC) to better target its policy efforts. For the purposes of this discussion, a key concern is the class of farms defined by Statistics Canada as “low-income farms.” These are small and medium-sized farms with total annual farm revenue between \$10,000 and \$99,999 and with total family income of less than \$35,000. As Table 3-1 shows, low-income farms on average earned \$17,336 in annual income in 2004 thanks entirely to off-farm income, which accounted for 109% of total family income. In other words, low-income farms *lost* money on their farming business. The table also highlights how important off-farm income has become for total family farm income among all groups.

Table 3-1: Farm Family Income by Farm Typology, Dollars per Farm, 2004

	Family Income From Farm Operation (includes government payments)	Off-Farm Family Income (includes government transfers)	Total Family Income	Off-Farm Income as % of Total Family Income
(\$)				
Small Farms	3,710	35,535	39,245	91%
Medium Farms	10,671	71,166	81,837	87%
Large Farms	40,702	46,819	87,521	53%
Very Large Farms	103,168	47,782	150,950	32%
Pension Farms	11,298	56,187	67,485	83%
Lifestyle Farms	-5,360	105,913	100,553	105%
Low Income Farms	-1,646	18,982	17,336	109%

Definitions:

- Small farms: Family farms with total operating revenues of \$10,000 to \$49,999;
- Medium farms: Family farms with total operating revenues of \$50,000 to \$99,999;
- Large farms: Family farms with total operating revenues of \$100,000 to \$499,999;
- Very large farms: Family farms with total operating revenues of \$500,000 and over;
- Pension Farms: Family farms where the oldest operator is 60 years or older and receiving a pension income, and where no children are involved in the day-to-day operation of the farm;
- Lifestyle: Small-size family farms (revenues of \$10,000 to \$49,999) with total family off-farm income of \$50,000 or more; and
- Low Income Farms: small and medium-sized farms with total annual farm revenue between \$10,000 and \$99,999 and with total family income of less than \$35,000

Source: Statistics Canada, CANSIM Table 002-0026.

Given this picture, it is not surprising that the census data indicate that the type of family farm most likely to disappear is farms with cash receipts of less than \$250,000. Table 3-2 shows the decline between 2001 and 2006 in the number of farms with annual receipts of less than \$25,000; \$25,000 to \$99,999; and \$100,000 to \$249,999. The biggest decline in percentage terms – 13.6% – was registered in the last-mentioned category. The number of farms in the two largest revenue categories, however, actually increased. In other words, large farm operations are getting larger and more numerous and small and medium-sized farms are getting out of the business. This conclusion is supported by other census data which show that, despite the overall reduction in the

number of farms, the number of acres under production actually *increased* between 2001 and 2006.⁴⁵

Table 3-2: Number of Farms by Income Category, 2001 and 2006 Census Data

Farm Receipts	Number of farms in 2006	Number of farms in 2001	Percentage change
Less than \$25,000	88,392	96,570	-8.5%
\$25,000 to \$99,999	62,030	69,828	-11.2%
\$100,000 to \$249,999	39,971	46,280	-13.6%
\$250,000 to \$999,999	33,078	29,792	11.0%
\$1 million and over	5,902	4,453	32.5%
All farms	229,373	246,923	-7.1%

Source: Statistics Canada, Census of Agriculture, 2001 and 2006.

Sandra Lawn, another witness at our meeting in Athens, told the committee how the reduction in farming has changed the rural fabric in her area: “One of the things that has happened is the fabric of the rural community has changed drastically, whereas previously people were in farming and forestry. Now, only 15 per cent of the people in the rural countryside are involved in farming.” (*Evidence*, March 31 2007)

Farmers have responded to these income trends as they always have. Some have been forced to sell the family farm. Others have survived by expanding, acquiring their neighbours’ farms, increasing technology use and engaging on-farm processing or specializing to reduce costs. Still others have managed to keep the farm going by developing niche markets. The committee visited the home of one farmer, for example, who was moving out of hog production and into what he hoped would be the lucrative business of pigeon farming.

⁴⁵ There is considerable provincial variation behind this broad pan-Canadian increase. Land under production in British Columbia, for example, increased 9.6% while Newfoundland and Labrador, Prince Edward Island, Ontario and Saskatchewan reported drops in the acreage of land involved in agricultural production.

It is important to note that the farm sectors that fall under a supply management system (poultry, eggs and dairy) have not suffered the same kind of cyclical farm income crises as other farm sectors in Canada. In many ways, they are a farm success story, as Laurent Souigny, Chair of the Canadian Egg Marketing Agency, reminded the committee: “As rural populations decline, an ever-smaller tax base exists to support the necessary rural structure. Supply management remains a stalwart within the rural tax base. This, in turn, makes rural Canada a better place to live and visit. The positive benefits of supply management are felt from gate to plate. We are a success story in Canadian agriculture; we are a success story in rural Canada.” (*Evidence*, November 29, 2007)

At some point, most farmers (although less so in the supply-managed sectors) have turned to off-farm work in their struggle to keep the farm household afloat. As Table 4-1 clearly demonstrates, the use of off-farm income to support the farm household is especially pronounced among low-income farms, whereas the supervision and management requirements of larger farm operations make off-farm employment less of an option or a necessity.⁴⁶ As Statistics Canada’s Denis Chartrand noted however, off-farm income has become increasingly important even for households that operate larger farms: “We know from our data that more and more farmers depend on off-farm income to make necessary revenues for a good living. You can see in our last data series that more than half of the farms with \$100,000 to \$500,000 in gross revenue now must get off-farm income. That was a development with the last series. More and more farmers have to rely on other sources in order to be able to operate.” (*Evidence*, October 5, 2006)

The high reliance on off-farm income is a very telling sign of the unique and complex nature of agriculture, and of how farming is affected by lifestyle options as well as economic pressures.⁴⁷ Some households rely on off-farm income as their primary source of revenue, in which case farming is intended only to supplement their family income – farming is, in some sense, a “lifestyle” choice. For others, farming is the primary

⁴⁶ Alessandro Alasia et al., *Off-Farm Labour Decisions of Canadian Farm Operators in 2001: The Role of Operator, Farm, Community and Regional Determinants, 1991 to 2001*, Agriculture and Rural Working Paper Series No. 085, Statistics Canada, Ottawa, 2007.

⁴⁷ There are important incentives to having a spouse work off-farm, especially if the off-farm job comes with employment benefits such as a pension or dental coverage for the whole family.

activity, and off-farm employment is the only way to pay the bills and keep the farm afloat. The level of reliance on off-farm income varies by farm-size category and also by farm sector: some sectors are more seasonal than others. Dairy and poultry farmers, for example, operate year-round and therefore rely less on off-farm income than cattle farmers or grain and oilseed farmers.

The subject of off-farm income generated divergent views from the committee's witnesses. Some accepted off-farm income as an unavoidable reality of the modern agricultural sector. They also argued that this activity should be recognized when governments are developing rural and agricultural policies:

We must look at the realities of life. A significant percentage of Ontario farmers who make off-farm incomes say that there is a need for an effective rural economic development policy to provide off-farm income opportunities and other employment entrepreneurship opportunities for the husband or wife to work off the farm at certain times of the year. However, there needs to be the recognition of both in terms of addressing that particular rural economy.

– Harold Flaming, The Ontario Rural Council,
Evidence, March 29, 2007

Others expressed strong concern about the growth in reliance on off-farm income, seeing this trend as a sign of rural decline and unfavourable structural changes in the industry and, ultimately, as a threat to food security.

Far from being an indication of the health of the rural economy, the wide-scale dependence on off-farm jobs is a clear signal that the food production system in Canada is in serious trouble.

– Tanis Everett, National Farmers Union,
Evidence, March 6, 2007

From my perspective as an aging woman, these policies have been market- and trade-driven by the corporate world and do not come close to meeting social needs of a community or an ecological integrity for our land. Government policy has been deliberate in discouraging the small family farm model for 50 years. Farmers have been tenacious in finding ways to stay on their farm through off-farm jobs or by both spouses working two or three jobs.

– Marilyn Gillis, Women's Advisor, National Farmers Union,
Evidence, March 8, 2007

Towards A New Agricultural Approach

Over the course of its hearings, the committee heard from many farmers who were disappointed by the level and types of assistance provided by the federal and provincial governments (regardless of political persuasion), especially compared with what is available in the United States and in Europe.

The American Farm Bill is heavily subsidizing the U.S. farmers. I have very good friends on the U.S. side, and they are just laughing at us. They are hauling their commodities into Canadian elevators because we are paying a top dollar, but they do not care what they get for that product because the county loan rate says they are going to make money putting it into the ground, regardless of what they get. That is the truth. We can sit here and talk all we want about agriculture and where it is going to go, but until the federal government comes to the table and says it is going to introduce a farm bill or some type of farm program it is not going to get better. I do not care if you call it revenue insurance or what you call it; that is where agriculture has to go.

– David Marit, President, Saskatchewan Association of Rural Municipalities,
Evidence, February 27, 2007

Other witnesses went further, arguing that governments in Canada have quietly supported this shift from small family farms to big, mostly export-oriented farms. They said that the root of the problem is a lack of market power and that international trade agreements have made matters worse by limiting, or threatening to limit, the types of policies that governments in Canada can use to support the farm sector.

I do not want welfare. I want a fair price for my product. Farmers do not want welfare. [...] Thank you but I do not want government money. I want action to keep farmers farming. Yes, there needs to be emergency money but I have yet to see a delivery system that actually works, so forget that route. If you can come up with something simple that works, fine, but I do not think you can actually do that. Farming is far too complicated. What I want is a policy that keeps farmers farming in Canada. This export, export, export, "bigger is better" business, is not going to work.

– Ranald MacFarlane, National Farmers Union,
Evidence, February 20, 2007

These points of view raise fundamental question, namely, what is the role of government in shaping agriculture in Canada? And what do we want agriculture to look like in the future? The committee believes that any vision for the future of agriculture must set the goal of encouraging a safe, healthy, profitable and environmentally

sustainable agricultural and agri-food sector. Perhaps most importantly farming must be seen by the next generation of potential farmers as an exciting profession where one can earn a living and raise a family. As one witness observed, the key to this is addressing the lack of profitability in agriculture:

...(W)e go back to the nub of the problem, which is a lack of profitability in agriculture. If there was profit in the industry, we would not be struggling with this intergenerational transfer of this huge resource.

– Geri Kamenz, President and Chairman of the
Board, Ontario Federation of Agriculture,
Evidence, March 30, 2007

Further, the renewal of agriculture should be integrated with a larger strategy for rural renewal –recognizing that a healthy and sustainable rural economy benefits the agricultural sector. In addition, it should incorporate measures that help all farmers take advantage of the opportunities and challenges posed by the growing concern of the effects of climate change.

The federal, provincial and territorial governments are working on a new national policy framework for agriculture. On 29 June 2007, in a document entitled *Growing Forward*, federal, provincial and territorial ministers of agriculture set out agreed-on principles and a basis for negotiating that framework, which will also involve industry stakeholders.⁴⁸ *Growing Forward* outlines three policy outcomes (or goals) for the framework, namely:

- (1) a competitive and innovative sector;
- (2) a sector that contributes to society's priorities; and
- (3) a sector that is proactive in managing risks.

⁴⁸ Under the *Growing Forward* framework, a new suite of business risk management programs were agreed upon by federal, provincial and territorial governments. The programs are the AgriInvest, AgriRecovery AgriStability and AgriInsurance. They replace the coverage previously supplied by the Canadian Agricultural Income Stabilization (CAIS) and Production Insurance programs. As under the previous coverage, the new programs provide income stabilization and disaster relief to farmers. An added feature is a proposed new savings account program, the AgriInvest, where producers make deposits into an account which is matched by federal and provincial governments. The government argues that this program gives producers increased flexibility to cover small margin declines or for risk mitigation and other investments. Another feature is the AgriRecovery program which is designed to replace the ad-hoc nature of government assistance for agricultural disasters.

The committee is encouraged by the policy outcomes outlined in *Growing Forward*.⁴⁹ The committee further believes that this emphasis should give farmers the resources and the tools they need in order to help them succeed in today's rapidly changing global environment. In the rest of this chapter, the committee outlines some recommendations that based on witness testimony, it believes could fit within this framework. These recommendations are based on several encouraging trends identified by our witnesses, including increasing consumer demand for organic and locally grown products and environmentally sensitive production, increased opportunities due to the recent growth in demand for non-food agriculture, i.e., ethanol and other biofuel energy sources, and the growing potential for farmers to profit from the growing demand for carbon sequestration and other non-traditional agricultural forms of "production" such as watershed and wetland protection and agro-tourism, activities often grouped under the heading of "multifunctionality." As the honourable Gerry Ritz, the Minister of Agriculture and Agri-foods Canada also pointed out, exciting innovations in science and biotechnology may profoundly affect the nature of agriculture in Canada. This too, is part of the multifunctional thinking surrounding the agricultural sector:

I had the great opportunity to present an introductory speech at the Biotechnology and Life Sciences Conference here in Ottawa last fall. There have been tremendous gains in biotechnology from an agricultural standpoint across the industrialized area of Canada. I jokingly said at that point, in my grandfather's era, the hands were on the plough handles; now they are on the microscopes and everyone is wearing lab coats. Those are today's pioneers in science, innovation and technology which will change the face of rural Canada.

– *Evidence*, February 5, 2008

Throughout the ensuing discussion, the committee is sensitive to the fact that as a whole, Canada's agricultural sector is more dependent on exports than its major trading partners, especially the United States and the European Union. This dependence means that Canada is particularly vulnerable to trade action (countervailing duties) and restrictions in access to export markets. World Trade Organization (WTO) and other trade agreements and negotiations can have a significant impact on the bottom line of farmers. Consequently, Canadian governments have to walk a fine between providing

⁴⁹ In November 2007, federal, provincial and territorial ministers agreed to seek authorities from their respective governments to continue existing programs under the current agricultural policy framework (APF) for one additional year starting April 1, 2008.

much needed income support to farmers and recognizing that agriculture support can invite harmful trade action.

Addressing Poverty Among Farm Families

On 31 July 2006, the Minister of Agriculture and Agri-Food launched a \$550-million Canadian Farm Families Options Program (“Options”) with the goal of alleviating financial stress on farm families and individuals. The two-year pilot program, which ended in March 2008, essentially provided a guaranteed income to eligible farmers, promising them a minimum total income (including off-farm income) of \$25,000 for families and \$15,000 for individuals. Farmers with income above these thresholds did not qualify for government assistance. Applicants had to report gross farming income of \$50,000 or more to be eligible and were also required to obtain training and advice from approved business services.⁵⁰

This is a pilot project. This has never been done before in public policy. It will help bring those people up to a certain level. It does two or three things. It helps to give them something to live on. Statistics Canada says that there are up to 26,000 families in rural Canada trying to get by on less than \$25,000 per year. That is a concern.

– The Honourable Chuck Strahl, former Minister of Agriculture and Agri-Food,
Evidence, October 5, 2006

The program received mixed reviews from our witnesses. Some believed that the program, although well-intentioned, indirectly endorsed a poverty-level income for farmers instead of helping to generate the real investment and policies that farmers need in order to make a living from the market:

⁵⁰ Applicants must participate in the Farm Business Assessment program and have a consultant assigned to their file through the Canadian Farm Business Advisory Services; or have completed an Individual Learning Plan to pursue skills training to improve on-farm and/or off-farm family income through the Canadian Agricultural Skills Service; or have completed an approved equivalent activity offered through other services.

The Canadian Farm Families Options Program was implemented to ensure that people received a poverty-level income. The program totally ignores the financial needs of the industry and the investment. These needs will result in more debt and the increase of rural poverty. This result is due to agriculture policy failure. This result is due to a disconnect between Canada's national and international policies.

– Ken McBride, President, Agriculture Producers Association of Saskatchewan,
Evidence, March 8, 2007

On the other hand, the committee notes that despite these concerns, over 15,270 applicants received payments in the first year of the program based on their 2005 tax information at a total cost of \$145.1 million. The committee also had the privilege of meeting farm families who benefited from the Options program, and we were deeply moved by their passion for farming despite extremely difficult financial situations. For some of these families, the program meant the difference between keeping and losing the farm; for others, it meant being able to buy warm winter clothes for their children. Text box 4-1 reproduces extracts from the testimony of Marthe Tremblay, a farmer who benefited from the Options program.

Text Box 3-1: Marthe Tremblay's Story

Marthe Tremblay grew up on a dairy farm in Québec. In the late 1970s, after studying social work at university, Ms. Tremblay joined her father on the family farm. In the early 1990s, she and her father abandoned the dairy business for health reasons, leaving her brother responsible for the farm operations. In 1998, her brother in turn “gave it all up” because of a “frightening drop in prices.” The transcript of Ms. Tremblay's story, edited for brevity, follows:

“I was still crazy about farming, so I bought the land, becoming the sole owner, and said: ‘No, we will continue in farming. I love it too much to give up.’ So I kept my job, which at the time brought in \$30,000 a year in outside income. With that income, I was able to go to the Financière agricole du Québec and buy the land. There were ten children in the family, and my parents were unable to provide everything. There were debts. By the way, I myself am a single mother with one child, who is now 19. In 1998, we did have 680 acres in production as well as farm buildings, because we had had 85 dairy cows. There again, because of my passion for farming, I said that those buildings should not remain empty. So I slowly established a sheep breeding operation. I bought 18 ewes that were no longer good for producers' purposes. With those 18 ewes, I built up a flock. By 2002, I had 140 ewes. [...] In 2002-2003, with good advice and my love of farming, I took the plunge and went further in debt to bring the flock up to 270 head. But according to the Quebec sheep production model, for the operation to be self-sufficient — I do not know whether it is the same in the rest of Canada — you need 476 ewes and a debt level of under \$1,000 per ewe. By buying the land and reinvesting, my debt per head stood at \$1,050, but I did have my outside income. That outside work took 50 to 55 hours a week in addition the work I did on the farm. But I got it done. It might look like I am wearing a halo, but you really need to love farming to do this.

So in 2002-2003, when I finally started producing lamb, we got BSE, which affected all ruminants. Prices plummeted and the borders were closed to the major part of the market. So I was selling lamb at a loss of \$20 per head. So we had to bear those losses while our fixed costs stayed the same. My situation remained the same, I had production costs and my earnings from the outside. But there is a point where you just burn out. There are 60 hours of work a week to put in on the farm, and there comes a point where you have to stop.”

BEYOND FREEFALL: HALTING RURAL POVERTY
CHAPTER 3: AGRICULTURE AND RURAL LANDSCAPES

In 2004, I was a coach at the animal feed meal company. I had a good salary, but meal companies were in a difficult position and it is often those who cost most who are fired first. [...] So they laid me off, and told me that they would hire me again in the fall because the young people were doing well. [...] I was burnt out, so I did go on unemployment. But as soon as I started receiving my unemployment benefits, all the agricultural income I got was taken into account — that is how it is done in Canada — and 15 per cent of my gross farm income was deducted from my unemployment benefits. So instead of getting the \$475 in unemployment benefits per week that I was expecting, the income I received during the summer from selling lamb was taken into account, that was deducted, and I also had a lot of expenses at the time, including sowing, harvesting and all that. I had already hit a major obstacle, and my unemployment benefits were lower. So my budget projections no longer applied. I went back to work in the fall because I had no choice. I had to fight to get back in because they were not planning to take me back, but at the end of the day I did go back to work for a year, and then became ill. Then I had to stop.

I really had to find a solution. With a production of 500 lambs a year and the farm, you have to find a solution if you want to live off it. You cannot be at the mercy of supply and demand. So I decided to do my own marketing to cut out all the middle men and to get to a point where I could live off my lamb production. That is what I have been doing since 2005 but throughout that period, fixed costs have remained the same. Production costs have gone up, while fixed costs, which never went away, also increased, including electricity, gas and property tax. Everything went up. So that liquidity Mr. Pellerin and Marie were talking about earlier is very difficult to achieve when you have to drag all that around.

I realized that this was no longer working, and tried to decide what to do. [...] We brought 10 producers together — we called that a small market — where we sell our products locally all year, not just five months a year like public markets often do. We decided to sell throughout the year to have a common goal, to feed our population and to have a small guaranteed income every week. Since December 9, I have a small guaranteed income from my lamb production, among other things, with my own marketing, amounting to \$70 to \$150 a week. Ten producers have become my partners. They are medium-sized producers, not on the scale of major farmers. These are young people aged between 20 and 30, who are much younger than I am. I am 52. We are re-educating people to come back to buying locally. We see a light at the end of this particular tunnel. Yes, we are dealing primarily with major agricultural operations, and Quebec, Canada and all other places are involved in extremely large-scale farming. Mr. Pellerin was saying earlier that we focused on exports. What did that lead to? Greater poverty.

Yes, we have the right to ask questions, but would we also have the right to ask a different question, knowing that it might lead to two levels of farming — mass farming and medium-level farming? How could we make a living off farming by stopping our exports and first feeding our rural communities and regional communities? Would you be interested in focusing on ways to support and review agricultural policies? Yes, we have some good agricultural policies, but they are good for mass agriculture, not for smaller-scale farming. [...] I am here to tell you that I am not poor because I do not know how to count, or because I do not know how to work, or because I stuck my head in the sand. I was made poorer by the existing infrastructure. We need support from national, provincial, regional and local policies if we are to continue feeding people, and feeding them well. It is one long economic chain. We will be in good health if we are well fed, and the rest will follow. That is why I still love farming, for my 19-year-old who has been working since he was 15 and who wants to take back the land. I am not sure that I will leave it to him. As Maria was saying earlier, farming is physically demanding and psychologically difficult, but we believe in it.

For these reasons, the committee was disappointed to learn that the federal government would not be extending the Options program beyond March 2008. It also was disappointed to learn that the federal government failed to spend the full \$550-million in funding initially announced for the program and that it limited eligibility in the

second year of the program to those who had qualified in the first year. The committee believes that initiatives such as the Canadian Farm Families Options Program are an important tool for directly addressing the needs of low-income farmers, while not infringing on Canada's trade commitments. The committee is also impressed by the fact that the pilot program included training and business advice to help farmers improve their earnings and eventually wean themselves off the program. Therefore,

RECOMMENDATION 3-1: The committee recommends that the federal government reintroduce the Canadian Farm Families Options Program with modifications that take into account feedback from farmers. The program should operate for at least another three years, at which point a full analysis of the outcomes should be conducted to determine the extent to which the program helped address farm poverty by making low-income farms more profitable and sustainable.

Farm Succession And Renewal

Farm succession is a process by which the farm business is passed on to subsequent generations. The incidence of farm successions is expected to increase in the near future due to the large number of farmers who will be soon exiting the industry. According to the 2006 Census, the average age of a farm operator in Canada is 52 years of age. The percentage of operators over the age 55 years in 2006 was more than 40%, the highest percentage of farmers over the age 55 of any period.⁵¹

The agricultural sector is having difficulty keeping young farmers on the farm which contributes to the trend towards larger but fewer farms: "...young farmers are not staying on the farm and farms continue to disappear in our community only to be swallowed up by larger and/or foreign operations."⁵² Finn Poschmann, Research Director of the C.D. Howe Institute observed that the trend towards large but fewer farms will continue:

...the farm that the next generation takes over stands a good chance of being larger in terms of acreage and with more equipment on it than the previous generation's farm. There is a tremendous amount of farm consolidation that is important to making farms viable businesses. The size of a viable farm in Canada in this decade is probably a fair bit larger than one in the last. What happens is that you do have this intergenerational transfer of farm assets. However, they will probably end up being larger than they were before.

– *Evidence*, November 7, 2006

Witnesses cited a number of reasons to explain why the younger generation is reluctant to move into the farm business. The main reason is simply that younger people gravitate towards other forms of employment. Harry Cummings, a professor in the School of Environmental Design and Rural Development at the University of Guelph suggested however that part of the problem may be that young people are following the advice of their parents: "In many cases, I find farmers telling their children not to farm because they would not like their children to have the life that they have had. I constantly hear this story from people who are struggling to make ends meet in the farm setting."

⁵¹ Statistics Canada, *Daily* "2006 Census of Agriculture: Farm Operations and Operators" released May 16, 2007.

⁵² Written submission from Young Parkyn McNab presented to the committee as evidence by Hank G. Van Beers, Reeve, Division No. 5, Municipal District of Taber on March 7, 2007.

(*Evidence*, October 31, 2006) As Dr. Cummings testimony suggests, this advice is rooted in a hard reality – farming is back-breaking work and profits are difficult to come by. Brian Hill, President of the BC Breeders & Feeders Association, for example told the committee that:

My sons do not want to go into my business. A few years back it was either get a little bit bigger or get a little smaller. Unfortunately, my boys did not want to invest in it because dad works too bloody hard. That is the problem today. I wonder how many people in this facility here will go into agriculture. There is no incentive to stay on the land. Money is a great motivator, and people enter jobs and businesses based on the idea that there is certain light at the end of the tunnel and they expect to be able to provide their families and their communities with a decent living. Unfortunately, at the end of the day, most farmers figure out that by the time you take your expenses off your product, you are in the hole. This has not come about overnight. It has been happening for quite a number of years.

– *Evidence*, March 5, 2007

Despite these formidable obstacles, it is also important to recognize that many potential young farmers are deterred because they lack access to the large amounts money needed to start and run today's farm operation despite a number of federal tax measures aimed at facilitating intergenerational transfers of farm property, including:

Rollover Provision: The rollover provision is a tax measure that encourages farm transfers to take place within the family. It is designed to postpone the capital gains on farm property if it is transferred to a child⁵³ who uses the property mainly for farming. Capital gains does not need to be reported until the child sells the property. The tax liability can conceivably be deferred indefinitely if the farm property is continuously transferred to subsequent generations;

Lifetime Exemption of Capital gains: Farmers also have access to a \$750,000 lifetime capital gains exemption for qualifying farm property. In the case of a farm family, a spouse is also eligible for the \$750,000 exemption, amounting to \$1.5 million in capital gains exemption. If children are involved in the farm business, the exemption can be further increased; and a

Ten Year Capital Gain Reserve: A deferral of tax on capital gains for up to ten years is available if the proceeds of the a disposition of farm property has not been fully received and if the property is sold to the farmer's child. A minimum of 10% of the taxable capital gains must be reported in each year.⁵⁴

⁵³ A child is defined to include grandchildren or great-grandchildren.

⁵⁴ Other qualifying property include: family fishing property, small business corporation shares, as well as gifts of non-qualifying securities made to a qualified donor.

In addition, Farm Credit Canada (FCC) provides two types of loan programs to facilitate the transfer of farm assets to the next generation, namely the Accelerator Loan Program and the Transition Loan Program. Both of these programs are similar in the sense that the seller plays a role in financing the loan while the FCC guarantees its full repayment. Similarly, in both cases, the seller receives only a portion of the proceeds of the property disposition in the first year of the transfer but then is paid in instalments in the subsequent years.

Farm succession planning is not an easy undertaking. It entails difficult life decisions that are technically complex and emotional. For many farmers, the farm is not just a place of business but it is where they live. Farm succession therefore also involves the possible transfer of the family home. Some observers have suggested that many farmers may be unprepared or are underestimating the time and complexity involved in the succession planning process.⁵⁵ The federal government provides financial support to help farmers in developing comprehensive business plans or succession plans through the Specialized Business Planning Services (SBPS). The federal government also provides funding under the Farm Business Assessment program, which often benefits farmers by helping with the financial planning prior to undertaking a succession plan under the SBPS program.

The committee is concerned that not enough resources are being devoted to help with the transition of farm capital and equipment to the next generation of farmers. Also, the committee believes that more can be done with respect to tax incentives to help with farm property transfers, as suggested by Hank G. Van Beers Reeve, Division No. 5, Municipal District of Taber:

It takes a lifetime to build up an inventory and pay for the equipment. When the farmer retires, it is all sold in one year and the taxes are paid. He has to live somewhere. There is not much room or opportunity for farmers to reinvest some of that money. I am sure farmers would be interested in leaving some of that money in agriculture. A person can roll over capital gains to immediate family members. One of the suggestions was to extend that right to non-arm's length individuals if the farmer that sold out would provide some financing for the next generation, even though it was not sold to immediate family members....The

⁵⁵ Written submission from Young Parkyn McNab presented to the committee as evidence by Hank G. Van Beers, Reeve, Division No. 5, Municipal District of Taber on March 7, 2007.

other recommendation is to enhance the application of capital gains reserve from 10 years to 20 years. I think it is 10 years, and if we could extend that to 20 years, that would be helpful as well.

– *Evidence*, March 7, 2007

With these considerations in mind, the committee believes that the federal government should do more to ease the process of farm succession.

RECOMMENDATION 3-2: The committee recommends that the federal government eliminate the tax on capital gains on the disposition of qualifying farm property of an active farming business to a child (as defined in the *Income Tax Act*) who commits to engage in an active farming business. The committee also recommends that the federal government re-examine and enhance existing tax measures such as the ten year capital gain reserve and other related tax measures to facilitate the transfer of farm property to the next generation. It should also increase the amount of support given to farmers to encourage and help with farm succession planning.

Multi-Functionality – A New Way Of Seeing The Farm

Some of the ways that Europeans have looked at this problem are very interesting. They use a multi-functionality approach; they look at farming as more than producing a commodity. People who are on farms play a number of roles, including some very important environmental roles. Farms are places for sequestering carbon and protecting watersheds and so on, and those are roles that can be supported. I would look seriously at that. Many farmers would tell you that they want to earn what they get. They want to get a fair price for the products they produce, and I would consider products broadly to include environmental products. That would probably be one of the more palatable ways to spend that money on a number of fronts.

– Diane Martz, Research Manager, Prairie Women’s Health Centre of Excellence,
Evidence, November 23, 2006

We must implement an agricultural policy designed to ensure national food self-sufficiency, a policy based on the recognition of agricultural multifunctionality and the new functions of agriculture. Agriculture is undergoing a number of changes. In the future, agriculture will have new functions relating to energy production, wind farms, bio-fuels. It will also have new ecological functions like carbon storage. It is evident that in the future agriculture will be utterly transformed.

– Bruno Jean, Research Chair in Rural Development,
Université du Québec à Rimouski,
Evidence, October 26, 2006

Many Canadians associate agriculture first and foremost with the production of food and fibre. Those are indeed the primary activities of agriculture; but it is the source of much more. First, crops may be a source of renewable fuel, or natural medicine or pharmaceuticals, or raw material for industrial production. Second, farmland may provide intended or unplanned positive side-effects such as the protection of biodiversity, watersheds, land conservation or the prevention of soil erosion. It can also be managed in such a way as to reduce greenhouse gas (GHG) emissions or to help prevent damage by fires or floods. Third, domestic agriculture performs a wide range of social functions: it can ensure food security, improve nutrition and health protection, provide rural employment, populate remote areas, and help preserve local markets and rural heritage.

The term multi-functionality is used to express an idea that many of us know instinctively, namely, that agriculture provides these and other kinds of important societal benefits. Many of these benefits, however, are not reflected in commodity prices and do not translate into compensation for the farmer. As noted by Peter Apedaile, Professor Emeritus of the University of Alberta's Department of Rural Economy, "Farmers are needed in this country, and they are needed for all kinds of reasons. Most of those reasons do not translate through market demand and supply forces. Therefore, the pricing of the services that they produce is not discovered."(*Evidence*, November 9, 2006)

Professor Anthony Fuller of the School of Environmental Design and Rural Development, University of Guelph, argued that Canada must follow the lead of many European countries and rethink the role of agriculture and rural landowners in society:

It is the issue of the decade, maybe the century. The land and the people who occupy the land have a major role to play. The increase in the subsidy that you refer to, certainly in Europe anyway is because Europe is already switching from the blue box to the green box and getting out of commodity support and into environmental support. The Europeans are encouraging landholder's — I use that term because there are people who hold land who do not necessarily farm — and getting them to participate in the EGAS, environmental goods and services. They take care of our rivers, our forests, and our land, as well as take chances in the marketplace with the commodities as well. That is a valid and major contribution that the state can make to the environmental question through the land, and it partly resolves the farming question at the same time. It becomes something like a guaranteed sort of income; however, it is linked to providing services to look after the land in certain ways, which is perhaps not the same.

– *Evidence*, October 31, 2006

Roger George, Chair of the Economic Development Committee for the Municipality of Powassan, echoed these themes in his presentation to the committee:

Just as we need to make huge commitments to the environment and climate change or whatever, let us involve the landowners in that. Let us involve the rural business owners. That involvement will be part of a growth centre, the new economy that will use these dollars that the public will invest. This investment will keep our rural communities strong. I can give countless examples in Europe of the shifts such as planting trees. They ripped up all the hedges, and goodness knows what, and wondered where all the birds went. The birds are coming back. There are 5 million birdwatchers in Europe alone. It is a huge business. Farmers can make money by renting out part of their operation. In Denmark, a fellow spent \$30,000 to build an observation tower. It was the best investment he ever made.

– *Evidence*, April 17, 2007

Witnesses such as Cynthia Edwards, National Manager, Industry & Government Relations, Ducks Unlimited Canada, believe that conservation should be part of the new approach to farm policy and programs, and that the policy development process should include input from full-time farmers, part-time farmers and rural landowners, who are custodians of the land and have a role to play in safeguarding the environment.

The conservation of natural areas should be part of the new approach to farm policy. Multiple benefits can be capitalized on, providing new opportunities for rural residents and can lead to attracting new residents, including immigrants, to these special places. The Canadian government has an opportunity to shift away from the traditional views that have helped form the economy of this country toward a new vision for the rural areas of Canada. We have a choice: We can continue to let our rural areas erode or we can capitalize on their inherent wealth.

I am not willing to leave rural Canada to its fate. We need to broaden our policy approach to recognize the value of our natural capital beyond the traditional market-based industries and to take a strategic approach to building on these assets. In conclusion, an effective ecological goods and services policy that recognizes and rewards the contribution of rural landowners and managers is an important component of an integrated strategy for addressing rural poverty. A focus on our natural capital and the goods and services it provides can help diversify income, improve agricultural sustainability and improve the quality of life for all Canadians.

– *Evidence*, April 26, 2007

Several witnesses noted the key role that agriculture can play in achieving environmental health and sustainability. Farmers and rural landowners are essential stewards of the land; but they sometimes lack the financial resources to undertake measures that minimize adverse environmental impacts on land, water and air. For example, environmental regulations such as a requirement for buffer zones around wetlands and waterways are likely to increase production costs or reduce the use and value of the land. In these cases, as witnesses pointed out, adequate compensation must be provided.

If it is for the public good, then the public has to pay, not the individual farmer. For example, someone might buy 300 acres to provide an income for their family in order to feed them and put the kids through school. Then, they face the Clean Water Act, the provincial policy statement and the Species at Risk Act. If they lose access to part of that 300 acres, say 100 to 150 acres, they have lost the ability to feed their family. Yes, it is important for everyone to have clean water. However, property is often bought with a specific purpose in mind after careful examination and exploration of the relevant information to ensure that there were no restrictions. Yes, things can change, but if the right to earn a living, enjoy and use your property is taken away, then there must be compensation in a timely fashion.

– Jacqueline Fennel, Leeds and Grenville Landowners Association,
Evidence, March 30, 2007

It is crucial that environmental goals, often designed in urban areas, reflect the reality of earning a living in rural Canada. Dr. David Freshwater, Professor and Director of Graduate Studies for Agricultural Economics, University of Kentucky, expressed these concerns to the committee:

One thing which has happened is you have a more suburban population that is disconnected from rural areas. They see the amenity value of a rural place as being the primary reason for dealing with rural areas rather than seeing that the

people who live in those rural areas have to earn a living. Increasingly, we will have policies that are desirable from a national perspective but which impose huge burdens on rural residents, because you are taking away their livelihood unless there is some alternative way to carry on what they are doing. Perhaps we should do that but, at the same time, if we do that, we should compensate the losers because there is a huge gain for society.

– *Evidence*, November 21, 2006

Currently, the federal government offers a number of programs that promote environmental objectives in agriculture, such as financial assistance for environmental farm plans through the National Farm Stewardship Program and Greencover Canada. These and other initiatives encourage farmers to adopt management practices that reduce a farm's environmental footprint, protect water quality, reduce GHG emissions, enhance biodiversity and conserve wildlife habitat. The committee is encouraged that AAFC is funding ecological goods and services (EG&S)⁵⁶ pilot research initiatives through its Advancing Canadian Agriculture and Agri-Food Program. The research is expected to contribute to EG&S policy development and to the next generation of agricultural policy in Canada.⁵⁷

RECOMMENDATION 3-3: The committee recommends that, as part of the proposed long-term farm policy framework, the federal government introduce direct payments in recognition of the ecological goods and services provided by farmers and rural landowners.

With more than 20% of the world's freshwater resources and only 2% of the world's population, Canadians might be forgiven for thinking they really do have an infinite supply of water. That, unfortunately, is not the case. In southern Alberta, for example, witnesses told us of severe water shortages in Lethbridge and its nearby rural communities. In the past, local glaciers reliably filled aquifers and irrigation channels. In recent years, however, the glaciers have shrunk to a fraction of their former size. Meanwhile, in northern Alberta, tar-sand operations are draining local rivers and creating risks of water shortages. Elsewhere, water levels on the Great Lakes are at record lows for reasons not altogether clear. The situations in Alberta, Ontario and elsewhere

⁵⁶ For further information about EG&S, see Annie Royer and Daniel-Mercier Gouin, *Potential Contribution of Payments for Ecological Goods and Services to Farm Income*, Agriculture and Agri-Food Canada, Ottawa, 2007, http://www.agr.gc.ca/pol/pub/eco_serv/pdf/eco_serv_e.pdf

⁵⁷ Agriculture and Agri-Foods Canada, "Policy Principles: EG&S And Policy Principles," available at: http://www.agr.gc.ca/acaaf/egs/egspolicy_e.html

highlight two important facts about Canada's water resources. First, much of Canada's water is non-renewable, left behind by the last ice age in underground aquifers, the Great Lakes, or locked in glaciers, snow or ice sheets. While Canada may indeed have 20% of the world's freshwater, it has only 9% of the world's renewable fresh water. Second, about 60% of Canada's freshwater flows north, away from major population centres.⁵⁸

With urban Canada commanding an ever-greater share of the nation's population, pressure on non-renewable and limited water resources in the southern parts of the country will only intensify with time. Rural Canada, and especially the agricultural areas of rural Canada, has a vital role to play in meeting these growing needs, addressing existing and looming water shortages, while preserving the integrity of the environment. Already, there are some signs that rural and urban Canada are prepared to work together.

In his testimony, Peter Apedaile told the committee that he represents 26 rural Alberta communities currently negotiating with the City of Edmonton to devise an integrated watershed management plan for the North Saskatchewan River, a glacier-fed river that is part of the Saskatchewan River system, the largest river system in the western provinces. While an agreement has yet to be finalized, Professor Peter Apedaile argues that eventually the watershed management plan could be used as part of a much broader strategy of branding agricultural products from these parts of rural Alberta with the imprimatur of "ecological integrity," a feature that he believes will help command a premium price for rural Alberta's agricultural products.

⁵⁸ Environment Canada, "Freshwater Website," available at: www.ec.gc.ca/water. See also Environment Canada, "Hydrometric Program," available at: http://www.wsc.ec.gc.ca/hydrometric/main_e.cfm?cname=hydrometric_e.cfm; and Gilles Rhéaume and John Roberts, *Mission Possible: Canadian Resource Strategy for the Boom and Beyond*, The Canada Project Final Report, Vol. II, Conference Board of Canada, 2007, p. 4.

Text box 3-2: New York City – A Watershed Management Success Story

For many decades, there were ongoing conflicts between New York City and the Catskill mountain communities located in the city's watershed area to the north. In 1993, the U.S. Environmental Protection Agency (EPA) urged the Governor of the State of New York to convene a group representing New York City, New York State, watershed communities, the EPA, and environmental groups to negotiate an effective and equitable watershed program. It was hoped that such a program would enable the City to protect the City's water supply while avoiding the multi-billion dollar cost of a filtration plant for Catskill/Delaware water supplies, and it would address the concerns and goals of residents in the upstate counties.

The negotiations produced a landmark agreement which successfully resolves long-standing controversies and sets forth responsibilities and benefits for all major parties. The City will finalize its regulations for watershed land uses, acquire sensitive lands to protect key reservoirs and waterways, conduct more extensive water quality testing in the watershed, and support upstate/downstate partnership programs (including major investments in wastewater treatment facility upgrades, a fund for compatible economic development in the watershed, and a regional watershed partnership council). New York State will adopt the City's watershed regulations and land acquisition permits consistent with implementation of the overall agreement and establish a new Watershed Inspector General's Office to ensure that the City's regulations are implemented to protect public health. EPA will continue to oversee New York City's filtration waiver and the City and State's action to implement the agreement. Finally, watershed residents can develop property to the extent the regulations allow, or sell it to the City if they choose. In addition, upstate community representatives will participate in the regional watershed partnership council, which will include representatives of the State, City, and downstate consumers.

Source: Environmental Protection Agency, available at:
<http://www.epa.gov/owow/watershed/ny/nycityfi.html>.

Professor Bill Reimer from Concordia University in Montréal suggested that rural and urban communities might want to look at the arrangement between the City of New York and communities in the Catskill Mountains some 100 kilometres north of the city (See Text box 3-2 for details). In this agreement, according to Dr. Reimer, New York City "recognized the importance of the Catskills for their water and for maintaining that water in reasonably good shape, and how it is intimately related to issues of community development. They have actually worked out a long-standing deal along those same lines." (*Evidence*, October 31, 2006)

The committee believes that, as in the United States, the federal government here in Canada can and should play a more active role in fostering the kind of watershed agreements that have secured some of the best drinking water in the world for New York City and sustainable economic development in the Catskill area. These agreements should include funding and assistance for rural communities in the watershed area to develop their economies in a sustainable way that recognizes the need for clean drinking

water. The agreements should also include compensatory measures for private property owners whose land is needed to ensure the protection of the watershed area.

RECOMMENDATION 3-4: The committee recommends that the federal government should, through a coordinated effort by Environment Canada, the federal regional development agencies and the proposed Department of Rural Affairs, help organize and fund efforts to develop watershed agreements between urban communities and major stakeholders in relevant rural communities. These agreements should ensure that rural communities, including rural private property owners, are adequately compensated for their efforts to protect watersheds.

In its presentation to the committee, Ducks Unlimited Canada recommended additional federal funding to encourage private land owners and rural communities to set aside wetlands for waterfowl habitat. Such areas, in addition to providing habitat for various waterfowl, would help sustain rural watersheds and could be an important source of tourism for rural communities.⁵⁹ As Cynthia Edwards, National Manager, Industry & Government Relations, at Ducks Unlimited Canada told us, “Landowners who maintain or restore natural areas may also be able to capitalize on land that has been taken out of agricultural production through increased tourism and recreation opportunities.” (*Evidence*, April 26, 2007)

Amongst its proposed recommendations, the organization suggested additional funding for Environment Canada’s Habitat Stewardship Program for Species at Risk (HSP). The HSP was created in 2000 with an initial endowment of \$45 million. Its stewardship programs include funding for projects in watershed areas such as the Upper Thames watershed of southern Ontario, where 37 species at risk are under threat from development and aggregate land use. Since 2000, the program has funded more than 1,000 projects for \$62 million; these projects, in turn, have leveraged an additional \$153 million for a total investment of \$215 million in stewardship projects to support the recovery of species at risk. Along the way, HSP “has contributed to the protection of over 240,000 ha of habitat and to the implementation of temporary protection measures

⁵⁹ Ducks Unlimited representatives also said that the organization is looking at research into carbon sequestration in wetlands. Carbon sequestration and carbon trading in the context of agriculture is discussed later in the chapter.

on another 370,000 ha.”⁶⁰ According to Environment Canada’s *2005–2006 Departmental Performance Report*, in 2005–06 alone, “some 10,400 people were directly involved in projects and many more people were connected through various outreach and education activities.”⁶¹

Since the expiry of the initial five-year funding commitment, HSP funding has been allocated on a year-by-year basis, potentially hampering long-term planning. The most recent allocation was \$4.5 million, announced in May 2007.⁶² The federal government has promised more announcements in the near future, and the committee hopes it will follow up on that commitment. We would like to see long-term, stable funding for the HSP program.

RECOMMENDATION 3-5: The committee recommends that the federal government provide stable funding to Environment Canada’s Habitat Stewardship Program for Species at Risk over a five-year period.

Planning For Climate Change

Primary agricultural activity produces roughly 8% of Canada’s GHGs.⁶³ As discussed in the AAFC publication *Agriculture and Climate Change*, the challenge faced by producers is twofold: farmers must find ways to manage risks associated with climate change, and they need to reduce emissions and enhance carbon sinks.

(a) Managing Risks

Unlike most industries, agriculture is highly sensitive to changes in atmospheric conditions. Consequently, climate change adds another layer of unpredictability and risk to an already risky business. As noted in this committee’s 2003 report, *Climate Change: We Are at Risk*, research indicates that climate change will not affect Canada gradually

⁶⁰ Environment Canada, Canadian Wildlife Service National Site, Habitat Stewardship Program for Species at Risk, “About the Program,” available at: <http://www.cws-scf.ec.gc.ca/hsp-pih/default.asp?lang=En&n=2D1DA0C5-1>.

⁶¹ Environment Canada, *2005–2006 Departmental Performance Report*, p. 53, available at: www.tbs-sct.gc.ca/dpr-rmr/0506/EC-EC/ec-ec_e.pdf.

⁶² Environment Canada, “Canada’s New Government Announces \$4.5 Million to Protect Biological Diversity,” News release, 22 May 2007, available at: <http://snipurl.com/1sbt1>.

⁶³ Canada’s National Inventory Report, 1990–2005, manure (methane and nitrous oxide), enteric fermentation (methane), crops (carbon dioxide), fertilizer (nitrous oxides).

and uniformly; rather, it will be manifested in more extreme weather events. The impacts on agricultural production will vary by region and by commodity sectors, resulting in possible shifts in agricultural production.

Some regions will likely benefit from the rise in seasonal average temperatures and new precipitation patterns, which have already extended the growing season in certain areas. Northern regions, for example, may see an expansion of agricultural production (in areas where the soil is suitable). Other regions may be able to introduce new crop varieties. The increase in atmospheric carbon dioxide may also increase crop yields. Some witnesses, such as Laurier Guillemette from Kapuskasing Ontario believed that the federal government should take a more proactive role in developing agricultural lands in northern regions.

I think that the federal government could provide assistance. I do not think that, currently, local or regional institutions working in agriculture are looking at this phenomenon and profiting from global warming. However, for quite some time now, based on research done previously in the region, we have known that the north is in a very good position to grow the best grains in Ontario and even, I would say, in Canada. We have the right climate for this kind of crop. Global warming may have negative impacts on some regions of Canada, but, for our region, it is having a positive impact. I believe that, today, we must seize this opportunity and soon, I believe, because our farmers are a dying breed.

– *Evidence*, June 1, 2007

Farmers in other areas of Canada, however, may have less cause for optimism. Climate change may cause crop damage from heat, droughts or loss of soil moisture. Conversely, changes in precipitation may lead to floods in some regions. Further risks include increased threat of soil erosion, insect infestations, weeds (as current herbicides may become less effective), and new diseases. Livestock may experience more stress from periods of extreme heat or exposure to new types of insects or diseases. Crop practices may be disrupted; for example, spring seeding of small grains in the Prairies may be threatened.⁶⁴ Finally, since rural communities cannot uproot themselves to follow a northward shift in agricultural production, the economic and societal impact of that shift may be severe, particularly in the Prairies.

⁶⁴ Agriculture and Agri-Food Canada, “Climate Change,” available at: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1186578200124&lang=e>

The economic effects of climate change on Canadian agriculture will likely be pronounced; but they will also depend on how climate change affects global production. If other countries experience more reductions in yields and production than Canada, then Canadian farmers could benefit from a resulting rise in commodity prices. The measures taken by other governments to support their agricultural sectors will also be an important factor.

Governments have a role to play in helping to mitigate the risks associated with climate change. As this committee argued in its report on climate change, the federal government must take a leadership role in coordinating efforts to predict and adapt to the impacts of climate change. Farm financial risk management programs should be designed to be flexible in dealing with the new realities of climate change. Research funding must be available to develop new technologies and new drought-resistant crop varieties. New weather information systems may be needed. Drier weather may trigger conflicts over water use and require new ways of irrigation.

It is essential that all stakeholders adopt measures to adapt to climate change. Al Douglas, climate change researcher and lecturer at Laurentian University in Sudbury, Ontario, praised the inherent adaptive capacity of farmers, but also warned that climate change brings with it new risks and uncertainties. He suggested that the tried and true adaptive methods of the past may no longer apply.

It is important to understand that the agriculture community is resilient. They have faced numerous challenges throughout the years and have been able to adapt. The trouble is, the conditions we will see in the future are not necessarily ones seen in the past. We are likely to see new challenges associated with climate change not seen before. That degree of uncertainty goes along with it.

– *Evidence*, December 6, 2007

(b) Carbon Credits

There are more than 67.5 million hectares of agriculture land in Canada. This vast area represents a significant potential for farmers to help minimize the impact of climate change by sequestering carbon as part of their farming practices. Possible practices include planting shelterbelts, practising low-till or no-till farming, and taking marginal land out of production. In addition, GHG emissions may be reduced through alternative

strategies of ruminant feeding and manure storage. Most GHG emissions from farming consist of methane or nitrogen oxide; carbon dioxide emissions from farming are almost negligible. However, farmers can play an important role in reducing emissions and storing carbon on agricultural land. Moreover, they have opportunities, through the use of carbon credits, to benefit the environment *and* increase their incomes.⁶⁵

Carbon offset credits can be part of a carbon emissions trading system, which is one way to reduce GHG emissions. Essentially, “large final emitters”⁶⁶ (LFEs) would be subject to regulations requiring them to reduce their emissions. If an LFE were unable to reduce its emissions cost-effectively, it would be allowed to meet its emission targets by purchasing offset credits from activities outside of the regulated sectors, including farmers. Agriculture will not be a regulated sector. Farmers could sell or lease carbon credits, which would represent emission reductions or carbon sequestration in the soil. This system has been hailed by some as a way to reduce emissions, increase farm incomes and protect the land. Witnesses such as Germain Dauk, a member of the Action committee on the Rural Economy in Saskatchewan, were excited about the possibilities of carbon sequestration for the farm sector:

There is tremendous opportunity for agriculture to be a solution for issues such as climate change. We were sort of pioneers in the direct seeding concept 16 years ago; everybody looked at us and followed our lead. It has become the mainstream now and has the potential to sequester carbon. There is a real desire out there to convert some of our farmland — especially the more marginal grain land — into grass. Grass has the ability to sequester many times more carbon than grain farming. Trees have a much greater potential to sequester carbon because of their size. There is much potential there.

– *Evidence*, March 8, 2007

Whether or not carbon credits become a viable financial option for farmers depends largely on the value of the credits. Currently, in North America, the value of carbon credits is determined on the Chicago Climate Exchange, which provides a market for trading credits associated with reductions in GHG emissions. Since 2004 the price has

⁶⁵ Some of these production practices (no-till farming, for example) have the further attraction that they help retain moisture in the soil. This makes them doubly effective as part of a farm-level climate change adaptive strategy.

⁶⁶ According to Natural Resources Canada, large final emitters are primarily in the oil and gas, electricity, mining and manufacturing sectors. The mining and manufacturing sectors include: chemicals; fertilizers; pulp and paper; mining; smelting and refining (including aluminum); steel; cement; lime; and glass.

been fluctuating between US\$1.00 and US\$5.00 per metric tonne; recently, it has been in the US\$2.00 per tonne range. Different types of agricultural offsets are available; for example, producers in Manitoba, Saskatchewan and Alberta who commit to continuous no-tillage during 2006–2010 can sell carbon credits at rates of 0.2 or 0.4 metric tonnes of carbon dioxide per acre per year (the rate depends on the type of soil).

Carbon trading in North America is currently done on a voluntary basis. The implementation of regulatory regimes that mandate reductions in GHG emissions would have a notable impact on the market price of carbon credits. On 26 April 2007, the federal government unveiled *Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution*, which outlines the government's plan to develop regulations aimed at reducing GHG emissions.⁶⁷ Details have yet to be worked out, but companies will be subject to regulatory obligations to meet GHG emission reduction targets. The federal government is also looking at providing a framework for emissions trading, first on a domestic level and then linked to emissions trading systems with the United States and possibly with Mexico.

Jean-François Ménard, President of Horizon Vert, told the committee he is convinced carbon trading will be good for farmers, especially if Canada develops its own carbon exchange market “The price of carbon in Europe is 20 euros, which is roughly [Cdn] \$30. There is a market; it is doubling every year. Much of that carbon can be generated from the land, from the farmers. Market-wise, about 18 per cent of the carbon being traded on the market is by the farms. There is a large amount of money in that market right now.” (*Evidence*, May 18, 2007)

Some witnesses were encouraged by the potential revenue that carbon credits could provide to farmers, but they also urged caution. The situation of land ownership versus land leasing, for example, could create complications: who owns the credits, and who undertakes to maintain production limits that are set out in long-term carbon credit

⁶⁷ Similar action is being developed at the provincial level. Alberta, for example, was the first North American jurisdiction to impose mandatory emission reductions, mandating a 12% annual reduction in GHG emission intensity by specific large emitters (based on 2003–2004) levels. Some observers note that emitters will likely not meet these targets, which means they may purchase carbon credits and as a result raise the prices of Alberta-based carbon credits.

agreements? Laurent Pellerin, President of the Union des producteurs agricoles, indicated that:

We make our farmers aware that before trading their carbon credits outside of the farm — and, as somebody said before, outside of the country — to make sure that they will not need those credits sometime down the road. For example, if they want to go from 100 sheep to 200 sheep, they will increase their production of carbon and perhaps they will need some carbon credits. The same thing applies to beef farmers or any animal production. If they consume more energy, they will probably need credits. Nothing is clear on that. We ask farmers to be very prudent and if they commit themselves, to commit on a very short-term period, not for years, because perhaps their children will need those credits in the future.

– *Evidence*, May 18, 2007

The trading of carbon credits is new area for Canadian farmers, and it could be a complex and expensive undertaking for individuals. However, farmers have a long history of working together (through farm co-operatives for example). The same approach could be applied to carbon credits in order to minimize risk. Farmers could sell credits in bulk to an aggregator (carbon broker), who would help individual farmers to manage the complexities associated with carbon credit trading. The aggregator would contract with farmers to create a pool of eligible carbon offsets, which would then be sold in a carbon credit trading market. The aggregator would handle the paperwork and be the link between the individual producer and the carbon market.

The committee believes that carbon sequestration and a carbon market in Canada could be important additional sources of income for farmers. There are, however, bound to be some growing pains as farmers learn how best to approach this new, potentially lucrative income source. The federal government, through Environment Canada, sponsors a program called the Pilot Emission Removals, Reductions and Learnings Initiative (PERRL) whereby it effectively purchases carbon credits from successful applicants⁶⁸ on a fixed price-per-tonne basis. For example, if a farmer sequesters 10,000 tonnes of carbon in a year at \$1 per tonne, he or she would receive \$10,000. PERRL was designed to help governments and the private sector “learn about and better understand a number of important elements of emissions trading.”⁶⁹ The program was launched in

⁶⁸ Applicants must submit bids to the federal government.

⁶⁹ Environment Canada, “About PERRL,” available at: http://www.ec.gc.ca/perrl/about_e.html

2002; the government has announced that PERRL has completed its work and will be wound down in 2008. An in-house audit of the PERRL program found that “[a]s the Canadian experience in this area was limited, the many real-life experiences provided by PERRL’s project-based GHG emission reduction projects represented an important basis upon which other related programs, policies and programs could be developed.”⁷⁰ Overall, it was determined that the program worked well and encouraged early action to reduce GHG emissions.

It will probably be some time before Canada implements a carbon credit emission trading system. In the meantime, therefore, the committee believes that the federal government should continue to adopt programs like PERRL to better understand how carbon trading emission would function and how farmers and rural landowners can benefit from this potential new opportunity.

RECOMMENDATION 3-6: The committee recommends that the federal government reintroduce PERRL or similar programs to study the impact that a Canadian carbon credit emission trading system may have on agriculture and other sectors.

Biofuels

In Canada, the federal government has supported the biofuels sector in two main ways: through a mandated usage (blending) requirement, and through financial assistance. In December 2007, the federal government announced a minimum average blending requirement of 5% renewable content in gasoline by 2010, and 2% biodiesel in diesel fuel. In terms of financial incentives, Canadian producers of biofuels can receive up to \$0.10 per litre for ethanol and other renewable alternatives to gasoline, and up to \$0.20 per litre for biodiesel. In addition, companies prepared to undertake large demonstration projects of next-generation biofuels in Canada can apply for support from a \$500-million federal biofuels fund. Direct producer involvement in biofuels production is further encouraged through a \$200-million ecoAgriculture Biofuels Capital Initiative that provides repayable contributions for the construction or expansion of transportation

⁷⁰ Environment Canada, “Audit of the Evaluation of the Pilot Emission Removals, Reductions and Learnings (PERRL) Initiative,” available at: <http://ec.gc.ca/ae-ve/default.asp?lang=En&n=C48C6AAC-1&offset=5&toc=show>.

biofuels production facilities. Funding is conditional upon agricultural producers' investment in the biofuels projects, and the use of agricultural feedstock to produce the biofuels. Finally, the federal government's \$20-million Biofuels Opportunities for Producers Initiative is designed to help farmers and rural communities hire experts who can assist in developing business proposals and undertake feasibility and other studies necessary to create and expand biofuels production capacity involving significant (greater than one-third) ownership by agricultural producers.

Other programs that could support the expansion of the biofuels industry include the \$134-million Agri-Opportunities Program, which aims to accelerate the commercialization of new agricultural products, processes or services that are currently not produced or commercially available in Canada; and the \$145-million Agricultural Bioproducts Innovation Program, which seeks to mobilize and integrate resources in academia and in the private and public sectors to build greater research capacity in agricultural bioproducts and bioprocesses. Various provincial programs and incentives also provide government support to the biofuels industry.

Text Box 3-3: A Discussion on Biofuels

In the last few years, there has been enormous growth in the biofuel sector (biofuels are essentially any renewable alternatives to gasoline and diesel) largely due to the United States' policy of promoting these fuel sources as environmentally sound way of reducing its dependency on foreign energy sources and at the same time providing assistance to its agricultural sector. By contrast, Canada's biofuels efforts have been promoted on the basis of achieving environmental and agricultural policy objectives but much less so, on the basis of national security.

There are competing views concerning whether biofuel production creates societal, environmental or even economic benefits. The debate is heightened by the fact that there has been strong government involvement in the promoting of the industry. Some observers question whether it is ethically responsible to use food to power automobiles. Some go as far as describing the practice as a "crime against humanity" arguing it contributes to food shortages and sends food prices soaring, leaving millions of poor people hungry. Others claim that higher food prices help farmers in poorer countries, and provide incentives for them to increase and develop production, which in the long run will prove beneficial to developing countries. They also point out that the residue of corn-based biofuel production can be used as animal feed, although it is important to recognize that this residue is more costly to ship than the original corn kernels and tends, therefore, to be of use only in markets near biofuel production facilities.

There is a vigorous debate about whether biofuels generate a net environmental benefit when farm inputs like water, farm fuel, nitrogen, phosphorus, pesticides and other factors are considered. Some have suggested that the net environment benefit is not large enough to warrant the large government subsidies that are currently available to the biofuel industry. To be sure, it is important to stress, however, that most of the debate around biofuel production applies to traditional biofuel made from crops (eg. corn, wheat, canola). There is generally a consensus that the so-called next generation of biofuel, made from forest residues, agriculture waste, sweet grass and other biomasses, could potentially have very important advantages over traditional biofuels made from grains and oilseeds. While numerous pilot projects exist for producing biofuel from biomasses, there is currently no widespread commercial production in this area.

Finally, there is a debate about whether biofuels is profitable in the long run and therefore good for agricultural parts of rural Canada. Some say it creates rural jobs and opportunity while others question the current viability of the industry given the recent boom in grain prices coupled with the rise in fertilizer and other farm input costs.

Source: J. Hill J., E. Nelson, D. Tilman, S. Polasky S. and D. Tiffany "Environmental, Economic And Energetic Costs And Benefits Of Biodiesel And Ethanol Biofuels: Proceeding Of The National Academy Of Sciences Of The United States Of America."

As suggested by these government support measures, and by various witnesses (including the Minister of Agriculture and Agri-Food) who appeared before the committee, the general consensus seems to be that the development of biofuel production will benefit rural communities, and farmers in particular. Farmers stand to gain both in the terms of the resulting increased demand for their crops and from direct ownership of bio-refineries.

Several of the committee's witnesses, however, expressed concern about the rush to support biofuel production. Professor Mark Partridge from Ohio State University for example, warned that the biofuel sector is likely to have a relatively small impact on Canada's rural economy.

There is a lot of excitement about biofuels and a great deal of potential. I would encourage more research in that area because eliminating dependence on unstable energy sources is important. In terms of our rural communities I could see certain farmers benefiting from that. One of the points of my presentation is even if we doubled the size of the agricultural sector in Canada through biofuels, which has gone through this intense downsizing, it would have a relatively small impact on the broader rural economy. In that sense it is not a solution for broader rural areas, though it does not mean it is not a solution for other kinds of problems in terms of alternative energy.

– *Evidence*, October 26, 2006

Others cautioned that the surge in biofuel production could hurt other agricultural industries, especially the hog and cattle sectors, by increasing feedstock costs. Professor Kurt Klein, an economist at the University of Lethbridge, warned the committee that

We also must be aware of the impacts this could have on our livestock industry, particularly pigs in Manitoba and eastern Saskatchewan. There will be a great deal of pressure on the pig industry. There could even be pressure on the cattle industry in Alberta. We do not know this yet. No one has studied it or even contemplated studying this. We should be studying this. We are seeing unusually high grain prices, caused primarily by this rapid expansion of ethanol in the United States that will have a big impact on the agricultural economy, regardless of whether we produce biofuels or not.

– *Evidence*, November 30, 2006

Professor Klein expressed further concern that the sector could be in the midst of a speculative bubble that might eventually burst and cause hardship for farmers and their rural communities. Risks stem from the grain feedstock cost itself (which could represent

more than 50% of the operating costs of bio-refineries), volatile energy prices (the price of ethanol is strongly correlated with energy prices), and the potential emergence of competitive technologies (for example, a new, cost-effective way of producing biofuels from biomass could put first-generation plants out of business). Recent experience in the United States has underlined the risky economics of ethanol production: despite soaring oil prices and significant government support, U.S. bio-refineries are currently experiencing difficulties⁷¹ as profits are squeezed by soaring input costs (a result of the surge in grain prices) and declining ethanol prices. In a recent paper, the Saskatchewan Institute of Public Policy raised a larger question about the wisdom of government support for the biofuels sector as opposed to other forms of rural agricultural assistance:

In term of rural revitalization, it is conceivable that an expanded ethanol industry could create 80 full-time permanent jobs in rural Saskatchewan and may offer grain farmers a new market alternative. The real question, however, is what the opportunity costs are for creating this growth. Even if the government does not invest directly in ethanol plants, the cost of a relatively minor rural revitalization initiative could result in significant long-cost to taxpayers (between \$20 million and \$60 million annually). The question has to be asked whether there is better use for this money to stimulate the rural economy. (...) A concern with ethanol effect on the rural economy has to do with its impact on the livestock sector.⁷²

Put differently: if the biofuels sector cannot prosper without government support, then it will forever be at the mercy of government support. This poses another potential risk for farmers who get into the business. Given that potential benefits to the rural economy have traditionally been presented as one of the main justifications for government support to the biofuels industry, the committee believes that the federal government should undertake a thorough study of the potential impact of its current biofuels-related measures on the rural economy.

RECOMMENDATION 3-7: The committee recommends that Agriculture and Agri-Food Canada along with key producers conduct a thorough assessment of the impacts on the rural economy of the various government supports to the biofuels industry. Existing biofuel support and encouragement policies must be maintained

⁷¹ “Ethanol Craze Cools As Doubts Multiply,” *Wall Street Journal*, 28 November 2007, available at: http://online.wsj.com/public/article/SB119621238761706021-WyAp6f_YynWmwFH2YHQ3bn6VEp4_20071228.html?mod=tff_main_tff_top.

⁷² R. Olfert and S. Weseen, *Assessing the Viability of an Ethanol Industry in Saskatchewan*, Public Policy Paper 48, Saskatchewan Institute of Public Policy, University of Regina, 2007, p.17.

until the assessment is complete. Key elements of this study would include but not be limited to:

- a review of the positive and negative effects of biofuels development on the rural economy (including the livestock sector);
- an analysis of risks versus rewards for rural communities and farmers regarding investments in bio-refineries (in particular, the study should attempt to determine whether first-generation bio-refineries are a sustainable business model); and
- an examination of the opportunity costs to the rural economy of government supports to the biofuels sector (i.e., if the goal is to maximize benefits to the rural economy, would this money be better spent on sectors other than biofuels?)

Small, Local And Organic

Organic and local food production sectors make up an increasingly important part of the farm economy. The trend was noted by several witnesses and is confirmed by data from the 2006 Census. Statistics Canada notes for example that in 2006, there were 3,555 farms which reported growing certified organic products⁷³, an increase of nearly 60% from 2,230 in 2001, while 640 farms were in transition.⁷⁴ In all, “some 6.8% of farms in Canada reported that they were producing uncertified, transitional or certified organic products.”⁷⁵ For farms in metropolitan areas, the proportion was 8.3%. Organic farming and local production have several attractive features. First, by using alternative means of fertilizing, organic producers are shielded from the rising costs of many conventional farm inputs. As Ray Orb, Director, Saskatchewan Association of Rural Municipalities, put it, “we take our hats off to those people doing it because they probably are more sustainable at this point. With the high cost of chemicals and fertilizers now, one major problem is that many farmers cannot pay the bills and cannot afford to seed the crop.” (*Evidence*, March 8, 2007)

Erkki Pohjolainen, Economic Development Officer, Resources West Inc., stated that organic and local farmers also benefit to the extent that they produce a specialty product

⁷³ As an additional sign the organic agricultural industry is growing, on March 28, 2008, the Canadian Wheat Board (CWB) announced that it was offering organic growers spring contracts as a continuation of its pilot organic marketing program. The program includes a cash price upon delivery and, under the new basis-pooling contract, the potential for an additional payment at the end of the crop year.

⁷⁴ Statistics Canada, “Study: Organic from niche to mainstream,” *The Daily*, 28 March, 2008, available at: <http://www.statcan.ca/Daily/English/080328/d080328a.htm>.

⁷⁵ Statistics Canada, “2006 Census of Agriculture: Farm operations and operators,” *The Daily*, 16 May, 2007, available at: <http://www.statcan.ca/Daily/English/070516/d070516a.htm>

that commands a higher price due to the absence of competition from larger producers: “Specialized crops and livestock, such as organic produce, milk and eggs or exotic meat, offer opportunities for family farms to enter niche markets that industrial farming cannot serve.” (*Evidence* February 20, 2007)

Diane Martz, of the Prairie Women’s Health Centre of Excellence, made a similar point, suggesting that local agricultural production and organic farms be considered an important component of a broader agricultural strategy:

Part of a strategy, not a whole strategy, might be to start people sourcing locally for their foods and to appreciate what they have locally. Certainly, the area of organic foods is expanding. Saskatchewan has the largest number of organic farmers in the country, many of them in grains. However, with the climate being what it has been over the last couple of years, they are running into serious problems. They are not receiving the prices they used to receive for their products. As well, they are finding land management more difficult with much higher levels of moisture. The organic sector overall has been successful because there is an element of control. The farmers I am aware of produce the product, market it over the Internet and, in that way, control the product quite far down the line. They do not have to pass control off to someone else.

– *Evidence*, November 23, 2006

It is important to recognize that organic and locally grown foods are often more expensive than regular farm products, which means these foods are often unaffordable for low-income citizens. Dianne Oickle, Registered Dietician and Public Health Nutritionist at the Leeds, Grenville and Lanark District Health Unit, suggested that the federal government could play a more active role in ensuring that rural families have access to affordable, nutritious, locally grown foods:

My dream, or my one thing, would be to somehow make the cost of those healthier choices more feasible for families regardless of income. I am not sure of the best way to do that: if it is to subsidize those foods, to give families more money, or if it is a matter of policies in terms of distribution whereby more local foods are made available to the local communities at a lower cost. I am not sure of the best way, but the reality is that those healthier foods need to be less costly, or at least more feasible for people to buy, than those foods that do not have high nutrient value.

– *Evidence*, March 30, 2007

The committee believes that one way to encourage organic agriculture and local produce is to make it easier for farmers to get into the business. This may, in turn, mean

reviewing and revising some of the nation's food safety regulations. While it is of course essential to ensure that food quality and safety are not compromised, the federal and provincial governments also need to ensure that organic and local producers are not discouraged by regulatory challenges. As noted by Professor Greg Halseth, Canada Research Chair in Rural and Small Town Studies, University of Northern British Columbia,

On the policy side, we need to make sure that we do not truncate opportunities before they come up. For example, B.C., particularly the Cariboo region, is in the cattle industry, and questions arise about new regulations around slaughterhouses and food processing plants. No one is going to argue against the regulation for more safety in food processing and in the slaughtering of animals and so on, but as many in that region move towards niche, organic, specialty cattle production targeted to particular markets, we have to ensure that the policy allows for the creation of safe but also cost effective and accessible slaughtering facilities so that they can do their activities and market a whole chain of commodities that come certified organic and done in different ways.

– *Evidence*, March 5, 2007

RECOMMENDATION 3-8: The committee recommends that the federal government, with the provinces and territories, change food inspection regulations to ease the entry of local producers and organic growers into the market, while increasing the scrutiny of foreign packaged produce and food products to ensure a level playing field for Canadian producers.

Conclusion

Life on the farm in Canada has been fundamentally transformed over the last 50 years. Recent census results confirm a continuing trend: there are fewer and fewer farm operations and those that remain must grow in size and scope to survive. In this chapter, the committee has put forward proposals that help the farm sector prepare for the future through increasing the use of agricultural measures that have an environment focus and by helping low-income farm households as well as small, local and organic farm operations.

CHAPTER 4: FORESTRY

A mill town is like an economic ecosystem. The main economic feedstock comes out of the mill, but there are all the people who drive the trucks, who are waitresses in the diner, who own the dry cleaning store, who manage the hotel. When our industry thrives, there are jobs not only in the industry but throughout the rural areas. When our industry suffers, it is not just the corporations that suffer, it is all our employees, our neighbours, the entire rural regions. Even farming depends very much in many areas on one member of the family having a job in the mill.

– Avrim Lazar, Forest Products Association of Canada,
Evidence, May 31, 2007

Over 300 rural and remote communities in Canada rely almost entirely on the forest industry for their well-being;⁷⁶ in countless other communities, a mill is the major employer. The forest industry is the lifeblood of these communities: it is difficult to overstate the importance that a pulp and paper mill or a wood-processing facility can have for a small town.

Indeed, Canada's vast forests resources are extremely important for the national economy, accounting for nearly 3% of gross domestic product. In 2006, over 323,600 Canadians worked directly in the forest industry,⁷⁷ and another 498,800 were employed in jobs indirectly connected with forestry.⁷⁸ The sector relies heavily on trade: no other country in the world exports more wood products than Canada. The destination for most of Canada's exports is the United States, followed by Japan and Europe. Wood and wood products are also the top Canadian exports to the booming economies of India and China.⁷⁹

Catastrophe for Forestry-Dependent Communities

Since 2003, a staggering free fall has occurred in the Canadian forest industry. Some 46,800 direct forestry jobs have simply vanished from the sector. This unprecedented

⁷⁶ Natural Resources Canada estimates that over 300 communities rely on the forest industry for at least 50% of their income.

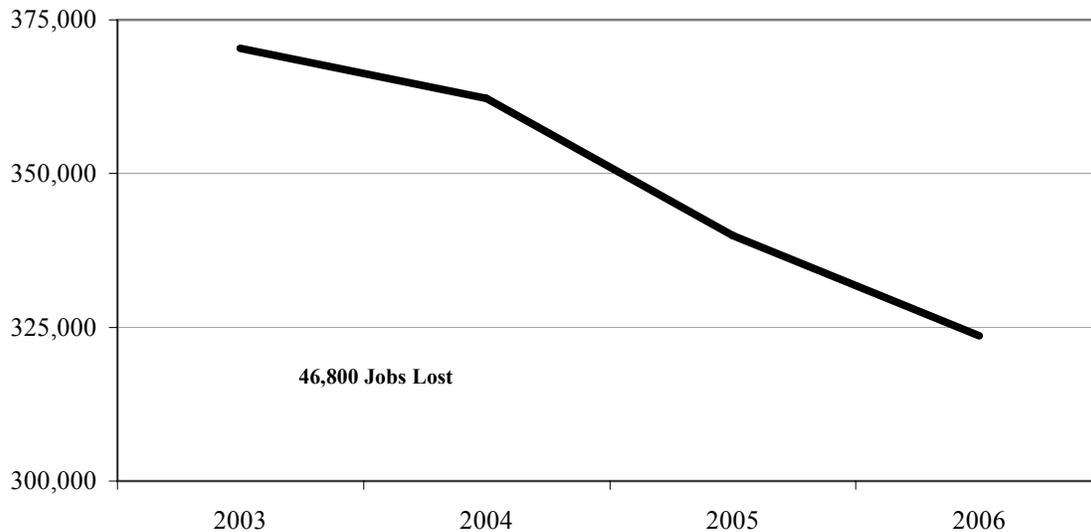
⁷⁷ The forest industry is made up of three major components, namely forestry and logging, wood products (which includes sawmills) and pulp and paper. The Western provinces rely more on manufacturing of wood products, while pulp and paper manufacturing are more common in Ontario, Quebec and the Atlantic provinces.

⁷⁸ Calculations from Natural Resources Canada based on a Statistics Canada input-output model.

⁷⁹ Forests Products Association of Canada, "Industry at a Crossroads: Choosing the Path to Renewal," *Forest Products Industry Competitiveness Task Force*, May 2007.

situation has been devastating for affected employees, many of whom enjoyed relatively high middle-class salaries. The overwhelming majority of jobs affected by this “biggest single jobs crisis ever faced in one sector”⁸⁰ are based in rural Canada. Even larger losses are being felt in jobs indirectly tied to forestry.

Figure 4-1
Direct Jobs in the Forest Industry
Between 2003 and 2006 Canada



Source: Natural Resources Canada -based on Statistics Canada's Labour Force Survey

The loss of forestry sector jobs places enormous financial and emotional strain on rural families for whom few other well-paid jobs are available. At a committee hearing in the forestry-dependent community of Maniwaki, Jacques Grondin described the hardship of rebuilding a life after a mill closure:

The lack of money due to losing one's job is a constant source of stress and low self-esteem for workers, because these people have worked since they were 16, 17 or 18 years old. As they have invested in the forestry industry ever since they were teenagers, they end up without any opportunities, without experience, and in many cases, without schooling. As their future is in jeopardy, the stress that many workers have to endure has resulted in quite a few cases of depression.

– *Evidence*, June 8, 2007

⁸⁰ “Forestry living the biggest single jobs crisis ever faced in one sector, says CEP,” *Atikokan Progress*, 3 December 2007, available at: <http://www.atikokanprogress.ca/articles/1147/1/Forestry-living-the-biggest-single-jobs-crisis-ever-faced-in-one-sector-says-CEP/Page1.html>.

Similarly, Dave Coles, National President of the Communications, Energy and Paperworkers Union of Canada, gave the committee his account of the crisis facing forestry-dependent communities and how the resulting loss of income affects forestry workers and their families:

When we say that the heartland of Canada is in crisis, this is not an exaggeration. We also believe that this is just the beginning...It is especially dramatic for the many thousands of 40 and 50-year olds who have worked in the mills all their lives, and who are still supporting children at various levels of schooling. But the economic devastation is only part of the story. It is those very mills and forests surrounding them that have provided employment to rural Canada for more than a century. Many regions depend on this industry and still cling to the hope that it will survive, but if the mills close, there is nowhere else to work.

– *Evidence*, February 8, 2007

Meanwhile, homeowners and businesses can do little but watch the value of their properties plummet. As property values diminish, so does the tax base – the main source of revenue used by municipal governments to fund public services and infrastructure. Many rural and remote communities, having few alternatives to forestry, face the prospect of a potentially irreversible decline. Many families have no option but to leave their communities, as Adèle Bordeleau, an economic development officer at the Kapuskasing Economic Development Corporation, explained:

The bottom line is that most of them have to leave. They have lost their jobs in the lumber and pulp mills; they have no income, no future. Did you know that our homes and properties are so grossly under-evaluated that most vendors are losing a lot of money on the sale of their homes? There are For Sale signs all over town. Our young people are choosing to leave for school and are not planning to return. They would if we had jobs to offer them. Unfortunately, the reality is that unless we have employment, updated infrastructure and economic stability, they will never return. This creates a downward spiral.

– *Evidence*, June 1, 2007

It was apparent to the committee members in their visits to forestry-dependent communities – including Edmunston, New Brunswick; Kapuskasing, Ontario; Maniwaki, Quebec, and Prince George, British Columbia –that residents of these communities were deeply troubled by the magnitude and abruptness of layoffs occurring across the country. Even when a community was spared a plant closure or major job cuts, there was an ever-present fear that livelihoods might suddenly be taken away. This situation makes it

difficult to attract both new residents and business investment, and it makes it difficult to sustain hope that things will get better.

Industry in Crisis

What is happening in the forestry sector? The closing of sawmills and pulp and paper mills across Canada reflects massive structural changes that are occurring in the industry under the pressure of domestic and international forces. These converging forces are:

- an intensification of global competition, especially from non-traditional wood-producing regions that have increased global capacity and weakened international prices of wood products;
- the rapid appreciation of the Canadian dollar from a low of US\$0.63 in 2002 to a high of US\$1.103 in 2007: the forestry sector is extremely susceptible to exchange-rate risk because of its dependence on export markets,⁸¹ while at the same time the high variability (rapid appreciation and depreciation) in the dollar increases risk and the cost of doing business;
- falling and shifting demand for wood products such as lumber, structural panels and other wood products resulting from a downturn in the housing market in the United States, coupled with falling demand for newsprint and other traditional paper products;
- protectionist pressures from the United States in the form of anti-dumping and countervailing duties on lumber exports
- high energy, transportation and other input costs; and
- changes in regional fibre supply, either because of environmental policies that reduce forest harvests or because of diminishing stocks near major mills.

As if these challenges were not enough, the future of numerous rural forestry-dependent communities in British Columbia and parts of Alberta is also threatened by a massive infestation of the mountain pine beetle, which is causing extensive die-off among the region's lodgepole pine forests. The mountain pine beetle is only a centimetre

⁸¹ In 2003, a report released by the Standing Senate Committee on Foreign Affairs – *The Rising Dollar: Explanation and Economic Impacts* – showed that adverse effects of a rise in the Canadian dollar are more severe in the forestry sector (particularly paper and wood products) than in any other industry because the forest industry is highly dependent on exports to the United States but has low import levels of goods and machinery from the United States. Thus, a rise in the currency hurts forestry sector exports and generates very little benefit in terms of lower-cost manufacturing imports.

long but its appetite is endangering the region's most abundant commercial tree species. To put the situation in perspective, British Columbia is Canada's largest producer and exporter of wood products, and about 25%– 35% of its harvestable timber consist of pine species. It is projected that 50% of the the province's mature pine will be dead by 2008, and 80% by 2013.

Currently, a rush to harvest and process the infected pine before it ages and loses its economic value is creating a flurry of activity. However, when the commercial value of the infected pine is exhausted, many communities will have to survive without their main source of income and employment. Among the various causes of the mountain pine beetle infestation, climate change is one of the most important. As Avrim Lazar noted, "Some scientists say that part of the problem with the pine beetle is that we did such a good job of fire suppression, the forests were over-mature, making them an easy target. The primary cause of the pine beetle, of course, is global warming and not the age of the forest, although the age was a contributing factor." (*Evidence*, May 31, 2007)⁸²

A great deal of uncertainty surrounds the question of how climate change will affect the forestry sector more generally. As the committee noted in its 2003 report, *Climate Change: We Are at Risk*, factors such as warming temperatures, longer growing seasons and increased atmospheric concentrations of carbon dioxide may increase forest productivity, while the threat of insect infestation, more frequent forest fires, increased moisture stress through changes in precipitation patterns and temperature, and reduced production from extreme weather events may be harmful to the sector. Al Douglas, of the Centre for Enviromental Monitoring at Mining Innovation, Rehabilitation and Applied Research Corp. at Laurentian University voiced the following warning:

...current stresses exist in terms of drought, pests and the resulting potential for increase in forest fires. These will adversely impact the economies and social conditions in those rural northern communities. Those communities are dependent on the forest industry. In Ontario, a lot of those rural communities are suffering in the north as a result of the changes. These are not necessarily climate changes but the economic changes happening and the market conditions from which they are suffering. Rural communities, as part of their adaptation strategy,

⁸² Climage change is a major contributing factor to the mountain pine beetle outbreak because the associated warming reduces the frequency of extreme cold periods that, in the past, reduced and controlled the population.

need to learn how to harness these changes. It will also require our forestry planners and people who know that industry the best to understand what is happening in the forests and to treat them well. The boreal forest is a critical part of our global carbon sequestration equation.

– *Evidence*, December 6, 2007

Recent Federal Initiatives

Federal, provincial and territorial governments have introduced a range of programs and initiatives to help forestry-dependent communities, the forest industry and forest-industry workers withstand the current crisis. Some of the more recent federal initiatives are outlined in Text box 4-1.

Text Box 4-1: Federal Forestry Programs Since 2006

Broadly speaking, the federal government's forest-sector programs have tended to focus on improving the competitiveness of the industry and on helping forestry-dependent communities and workers through the difficulties currently facing the industry. Initiatives include the following:

- **Targeted Initiative for Older Workers:** This two-year, \$70-million cost-shared federal–provincial/territorial program was announced on 17 October 2006. The goal of the program is to help unemployed older workers in communities that have experienced the effects of single-industry downsizing. The program will provide skills assessment and help with skills upgrading to improve the employability of workers from 55 to 64 years of age in participating provinces and territories.
- **Federal Mountain Pine Beetle Program:** This \$200 million program, announced on 12 January 2007, is aimed at minimizing the consequences of the beetle infestation and at slowing the infestation's eastward spread.
- **Forest Industry Long-Term Competitiveness Initiative:** This \$127.5 million program, announced on 8 February 2007, is designed to help improve the forestry sector's competitiveness in an increasingly competitive global marketplace. The funding will be used to:
 - promote innovation and investment in the forestry sector through research (\$70 million)
 - expand market opportunities for Canadian wood products (\$40 million)
 - develop a national forest pest strategy (\$12.5 million)
 - establish a Human Resources and Social Development (HRSDC) Forest Sector Council to identify and address sectoral skills and adjustments issues (\$5 million).
- **Forest Communities Program:** This program, announced in April 2007, provides funding of up to \$400,000 per year for a five-year period to organizations that can help their communities manage the transition facing the forestry industry. The program, which requires matching funds from participating organizations, is intended to facilitate the development and sharing of knowledge, tools and practices, with the aim of creating sustainable communities that can benefit from emerging forest-based opportunities.

The most recent funding initiative was launched on 10 January 2008, when the federal government announced its intention to establish a \$1 billion Community Development Trust in 2007–2008 to help vulnerable communities. Although the Trust is not targeted toward any one sector, it is widely recognized that forestry-dependent

communities will likely benefit from a significant share of the funding, since it will be used to help communities that are “vulnerable because of their dependence on a single employer or a sector under pressure due to exchange rate fluctuations, declining demand notably in the U.S., or other factors.”⁸³ As already noted, all of these factors are severely damaging the forestry industry. The proposed areas of investment include:

- job training funds and skills development to meet identified local or regional gaps
- measures to assist workers in unique circumstances who are facing adjustment challenges
- funding to develop community transition plans in support of economic development and diversification
- infrastructure initiatives that support the diversification of local economies
- other economic development and diversification initiatives.

The Need for a Forest Strategy

The Canadian forestry industry has changed dramatically over a very short period of time. From industry organizations, workers’ unions, private woodlot owners, economic development officers, rural citizens and community leaders, the feeling conveyed to the committee was the same: a loss of control over the forces that were dramatically reshaping their industry, their communities and their way of life. Despite this shared sentiment, a wide range of competing views were expressed about what needs to be done to revitalize Canada’s forestry sector and who is to blame for the current situation.

For example, while he recognized that the forestry sector is facing difficult circumstances largely not of its own making, David Coles of the Communications, Energy and Paperworkers Union of Canada nevertheless blamed the industry for not investing enough in new plants and technology in Canada:

⁸³ Office of the Prime Minister, “Dommunity Development Trust – Backgrounder,” available at: <http://pm.gc.ca/eng/media.asp?id=1960>.

There are a number of factors in the rest of Canada. Some would say market conditions, which is relatively true. In our terms, the real reason has been a capital strike for three decades. Our equipment in Canada is very old. It has not been modernized, in most cases, and it is not competitive worldwide. That lack of investment has continued. Many of the firms that are shutting down and leaving Canada have invested large sums in offshore countries that compete directly with Canada. Primarily our industry is old and antiquated. By and large, it cannot compete internationally.

– *Evidence*, February 8, 2007

He further argued that forestry companies are leaving Canada to take advantage of less stringent environmental regulations and favourable tax regimes elsewhere. These were the very conditions that made Canada such an attractive place for investors 30 or 40 years ago – and that also spoiled the environment: “It was cheap, with cheap water, cheap fibre, and no regulations. Do you remember what Canada was like before we had regulations? We used to dump the stuff right across from here into the river. Companies will move to South America or Indonesia, anywhere they can invest and avoid environmental regulations, tax regimes, et cetera. (*Evidence*, February 8, 2007)

For its part, the industry argued that the federal government needs to change the way it taxes businesses if it wants to encourage more investment in the forestry products sector. The industry believes that, with appropriate tax changes, it can take advantage of what it expects will be a significant increase in global demand for commodities. As Avrim Lazar insisted:

With respect to whether we have to take this from the global economy, the answer is no. The world needs natural resources. There is a huge explosion of wealth in China and India. All those people will be buying bookcases, framing their houses, wrapping presents and reading newspapers. Global demand is increasing by 3 per cent per year. There is more than enough demand out there. No country in the world is situated better than Canada to meet this demand. It is true that Brazil is cheaper than us, but they do not have the infrastructure and they have social problems; also, they have been deforesting the Amazon and eventually the world will get tired of that. China has cheap labour, but they do not have water or fibre. Russia has a lot of boreal forest, but they have not built any roads and have a corrupt business arena.

– *Evidence*, May 31, 2007

Despite these differences of opinion, the industry and its unions agreed that the forestry sector needs to be restructured into a smaller number of large-scale, modernized

operations that can compete on the world stage and help keep jobs in rural Canada. As Avrim Lazar noted: “The only way to keep the jobs in the rural areas is to have a business climate that attracts investment. If there is no investment, the jobs disappear.” (*Evidence*, May 31, 2007)

Not everyone, however, agrees that restructuring the industry in favour of fewer but larger mills is in rural Canada’s best interest. At the committee’s hearings in Maniwaki, Quebec, Gérard Szaraz of the Fédération québécoise des coopératives forestières said that the much-discussed restructuring of the forestry sector could ultimately work against the interests of rural towns by increasing the distance between decision-makers and the people who live with the consequences of decisions:

We could talk about the “Wal-Martization” of the forest as a result of the specialization and the dependency on the commodities markets, which demand more and more volume at lower and lower costs, as well as the control of the territory that is increasingly happening from a distance. Forestry decision-makers are moving further and further away from the forests, even beyond our frontiers, in government and big businesses. There again, how can we avoid a rural exodus and the decay of our communities with a forestry regime that takes these values into account?

– *Evidence*, June 8, 2007

For his part, Dr. Greg Halseth, Canada Research Chair in Rural and Small Town Studies at the University of Northern British Columbia, argued that, given the proper policy environment, both big and small forestry sector operations could prosper. Text Box 4-2 describes one effort in Quesnel, BC, to help small operators prosper which the committee has recently learned, has itself become a victim of the crisis in the forestry sector. Dr. Halseth told the committee:

My response would be the same response that Minister Emerson gave a number of years ago when he was speaking about Canfor closing large operations under his watch, and the argument was that large operations have to compete in two-by-fours against low-cost production regions. They need to drive their costs down at any expense. That opens the door for small operators to be the flexible, innovative arm of our industry. I think that if we can create a supportive policy environment, that is where they will be. Many of these small operators continue to exist, like the Cariboo horse loggers, because they have an intimate knowledge of what they are doing and they are experts. Let us create the circumstance that allows them to grow that. This is where we need to go back to the economic argument; they also plow all of their profits locally.

– Evidence, March 5, 2007

Text box 4-2: The Wood Enterprise Centres (WEC)

Quesnel (2006 population 9,326, down 7.1% from 2001), British Columbia, is home to eight different forest-related factories. Unlike a lot of other forestry-dependent communities, Quesnel's economy has enjoyed a recent bout of prosperity but everyone understands that this prosperity is ephemeral, tied to a dramatic increase in the local cut as forestry companies rush to cut as many trees as possible before the pine beetle infestation destroys the area's forests.

In February 2007, the Committee visited Quesnel to tour the Wood Enterprise Centre (WEC), an incubator project that the community, with help from Western Economic Diversification (WD), got off the ground in 1997 in order to increase the range of value-added forest product activities in the area. Since the Committee's visit, the WEC has closed for many of the same reasons as other forestry product enterprises, namely global competition (high labour costs in Canada), the strong Canadian dollar, the inability to procure a stable source of fibre, distance from markets, and concern from other producers in the region about competition from the government-funded WEC. In all, the WEC was losing about \$10,000 a month before it shut down.

Despite its ultimately failure, the WEC experience can still be a useful learning tool for others. The WEC was created by people who felt that harvested wood in the region should, to the extent possible, be processed in the community. The WEC was also a focal point for efforts to devise ways of using wood infected by the pine beetle before it rots on the forest floor.

Specifically, the WEC facility served as a business incubator where local entrepreneurs could find assistance in developing business ideas, physically test-out products and prototypes, start small production lines and seek help with business marketing and financing. The Centre served as a hands-on training facility and coordinates programs with local college and high schools. It also supported community development project such as the building of a school and Community centre.

According to the WEC, it was "the only initiative in the province to assist entrepreneurs in addressing a majority of (their) identified needs at the same time," including:

- Product design
- Sales leads
- Wood supply
- Skilled labour force
- Start-up financing, working capital
- Links to industry programs
- Production
- Management and business expertise
- Material and component suppliers
- Machinery investment
- After sales service & business maintenance

Over the life of the WEC, the centre helped 24 new and existing companies design and develop 37 new wood products, the majority of which were not being produced in the region prior to the development of the WEC. Products include pine baseboards, pine chair rails, pine/cedar wall paneling, cabinet doors, birch flooring, aspen paneling, giftware, cabins, pine wine crates, pine wine puzzle racks, pine tote boxes, birch flooring, birch paneling, fly boxes, birch furniture components, cedar sign blanks, fir flooring, signs, and different furniture items.

Source: Wood Enterprise Centre website (<http://www.woodent.com/>); *WEC Project Summary 2006*, available at: <http://www.woodent.com/ProjectSummary.htm>; conversations with WEC officials.

To help small operators, Dr. Halseth said that governments can play an important role by funding more forestry research and development into alternative uses of timber and timber-related products:

In both forestry and agriculture, one key federal contribution to the re-invention of rural and small town economies is directly through its research capacity. Research capacity within B.C.'s forest industry has virtually disappeared, and within universities it is limited. Much needs to be done; and our network of Canadian forest service centres and agricultural research stations need to move into the 21st century and be funded to drive the research for the next generations of products and economies. In the forest industry, for example, we need research to assist diversification across product types, to identify full cost accounting for current and future economic alternatives, to explore viability options in non-timber forest products, and to find ways to measure and value other significant health, environmental and well-being contributions from our forested landscapes.

– *Evidence*, March 5, 2007

Even the Conference Board of Canada, which has come out strongly in favour of “supermills,” has argued that smaller operations have an important role to play in the future of the forestry sector, since they “have greater flexibility to move from fibre to chemical processing.”⁸⁴ However, this strategy would require collaboration between industrial sectors. For example, forest product companies will need to partner with companies that have experience in biochemical and biofuel production.⁸⁵

It is clear that the forestry sector of tomorrow will need more skilled workers. Already, despite massive job losses, those parts of the forestry sector that are relatively prosperous are finding it difficult to locate employees with the necessary skills. As Avrim Lazar pointed out, fewer and fewer rural youth see a job in the forestry sector as a viable career path, in part because of an erroneous perception of the industry as a low-tech sector requiring low-skilled workers. This perception only worsens the out-migration of youth that has long been the bane of rural communities.

This brief discussion illustrates the challenge of devising the next generation of forestry sector policies. Some believe that the industry is to some degree responsible for its current woes; others place the blame on governments. Some believe that super-sized operations are the wave of the future; others think that a mix of big and small operations will likely be needed. What is clear, however, is that people within the forestry industry

⁸⁴ Conference Board of Canada, *Mission Possible Executive Summary Sustainable Prosperity for Canada*, January 2007, <http://www.conferenceboard.ca/canadaproject/pdf/Compendium%20Preview-EN.pdf>

⁸⁵ *Ibid.*

feel neglected by governments; they feel that not enough is being done to help the sector or the communities and people who are affected by its sudden collapse⁸⁶.

The committee believes that a national forest strategy is long overdue in Canada. To that end, the committee believes that the federal government should convene a national summit on forestry that would include all relevant stakeholders. The summit could explore policy options and provide a long-term vision for the industry – a vision that would help reconcile these competing views by looking for common ground, such as the widely recognized need for an increasingly educated workforce that has confidence in the industry’s viability. Indeed, while the responsibility of managing Canada’s forest resources rests with the provincial and territorial governments,⁸⁷ the federal government has an important role to play in fostering a national consensus.

RECOMMENDATION 4-1: The committee recommends that the federal government immediately convene a national summit with all relevant stakeholders on forestry with the aim of developing a national forestry strategy.

Private woodlots

Although most of the discussion about the forestry crisis centres around companies that harvest wood on Crown (public) land, Canada also has a small but important private woodlot sector that has not been exempt from the broader crisis. As Jean-Pierre Dansereau, Director General of the Fédération des producteurs de bois du Québec, reminded us:

The private forest owners are seriously affected by the forestry crisis. Plants are closing, no longer taking in product, and are obliged to drastically reduce prices, which has a harsh effect on forestry producers. In some regions, people are even unable to sell goods. There are therefore businesses whose very survival is currently at risk. In our sector, facing the consolidation that everyone says is necessary to the industry, we also have fears concerning our future potential to put wood on the market, therefore to continue to contribute to economic activity in rural areas.

– *Evidence*, June 8, 2007

⁸⁶ It should be mentioned that the House of Commons Standing Committee on Natural Resources is conducting a study on the Unique Opportunities and Challenges Facing the Forest Products Industry.

⁸⁷ As cited by Natural Resources Canada, “the federal government has the responsibility for international trade and relations; building national consensus; Aboriginal affairs; management of federal lands; and national reporting.”, <http://cfs.nrcan.gc.ca/index/roles>

In total, more than 425,000 private landowners including individual Canadians, forest companies, municipalities and institutions, have private forest holdings in Canada. These holdings make up roughly 6% of Canada's total forested land. Most of this land is productive, accessible, and considered to be of high quality but, even more importantly, it is generally located in and around rural communities and is therefore often used as agricultural shelter belts *and* as additional sources of income for farmers.⁸⁸ As Laurent Pellerin, Executive Director of the Union des producteurs agricoles, noted:

For a good number of farmers, forestry is carried out in conjunction with agriculture. Private woodlots provide nearly 20 per cent of the wood supply to Quebec's wood processing plants. You can understand that the difficulties experienced in the forestry sector have added to the financial woes felt by the rural and agricultural communities in Quebec. When you combine the problems of farm income with those of the forestry sector, you have, right off the bat, a situation that is quite catastrophic.

– *Evidence*, May 18, 2007

Private woodlots also make a significant contribution to the cultural and recreational life of rural communities. As Mr. Dansereau pointed out “Private forests also host recreational activities such as hunting and fishing, and are an important source of environmental goods and services for the population, as well as generating economic activity through the harvesting of wood.”⁸⁹ (*Evidence*, June 8, 2007)

As these comments suggest, proper forest management practices benefit woodlot owners as well as surrounding rural communities. However, many private woodlot harvesters do not generate enough income to invest in proper silviculture. Moreover, the larger societal benefits are not priced in the land or in the wood that is harvested. The situation is further complicated, according to Mr. Dansereau, by the fact that private woodlot owners are unfairly treated within the existing income tax system: the long lag time (from 20 to 60 years) between investment in silviculture and realization of profit⁹⁰ means that woodlot owners are unable to claim forest management expenses against

⁸⁸ A sizable portion of private woodlot owners operate Christmas tree farms or maple syrup operations. For others the woodlot is used for recreation, hunting, or trapping.

⁸⁹ Mr. Dansereau added that his definition of “environmental goods and services” includes maintaining biodiversity, limiting the erosion of embankments, and protecting the quality of the air, the water and landscapes.”

⁹⁰ Natural Resources Canada, “Canada's Private Forests, Part 2,” available at: <http://canadaforests.nrcan.gc.ca/articletopic/127>

income (in the year that they incur), since there is no income until the wood is harvested and sold.

Given these challenges, Mr. Dansereau argued, the federal government has an important role to play. For example, it could begin by allowing private woodlot owners to deduct expenses from other sources of revenue as a way to get around the timing problem in silviculture.⁹¹ Federal, provincial and territorial governments could also devise ways to compensate and encourage sustainable forest management practices:

The owners of large forests must be convinced of the importance of actively managing their woodlots for production or conservation purposes, rather than simply being landowners who use up their properties; they must use them for the good of society by developing and properly managing them. There must obviously be some compensation that covers the environmental goods and services provided. This is a challenge because all of society benefits, but no one individual wants to pay for clean air. They take it for granted.

– *Evidence*, June 8, 2007

Pauline Raven, a research associate with the Canadian Centre for Policy Alternatives, argued a similar point:

Incentives should be offered to people to carry on traditional industries such as agriculture, forestry and fishing in environmentally sensitive ways. If people manage the woodlot properly, there should be some incentive for them to do so rather than having huge companies come in, completely strip the land and leave such a mess behind that nothing will ever grow again and then you just have to move to another part of the country and do the same thing over again.

– *Evidence*, February 22, 2007

Given the important role of woodlots in the rural economy, especially in more densely inhabited rural areas, the committee believes that private woodlot owners should participate in the federal government's national forestry summit. In the meantime, the federal government should also study ways to provide incentives for sustainable silviculture practices on private woodlots through the *Income Tax Act*.

⁹¹ Also, when the wood is harvested, the owner receives a lump sum of money as income that is then taxed at a high rate, whereas if this income were averaged out over the period of production a lower tax rate would result.

RECOMMENDATION 4-2: The committee recommends that the federal government provide incentives for sustainable forestry management practices on private woodlots through the *Income Tax Act*.

Conclusion

If the crisis in the forestry sector has a silver lining, it is this: governments, industry, and unions have a clear opportunity to chart a new course for the next generation of forestry sector workers and their rural communities, one that embraces the need to compete internationally but also recognizes that a one-size solution will not fit all. With the help of a well-educated workforce, for example, some firms will invest in the latest technology and gain market share and profitability by lowering prices. Others, also relying on a skilled workforce, will invest their efforts in developing niche products that command a premium price. Meanwhile, with the proper help from governments, Canadians engaged in the private woodlot sector will continue to generate environmental benefits for their neighbours and additional income for themselves.

The crisis in the forestry sector also presents an opportunity to this committee and the Senate as an institution to help Canadians recognize the vital importance of the forestry sector for the Canadian economy and rural Canada in particular. Our committee is called the Standing Senate Committee on Agriculture and Forestry but often, agricultural concerns overshadow the needs of the forestry sector.

In fact, the committee's last report dealing exclusively with the forestry sector was released almost seven years ago in June 2001.⁹² It, and another report from 1999 on the boreal forest, are the only two studies dealing exclusively with the forestry sector since the committee was formed in 1986. Moreover, both studies were the work of a subcommittee on forestry, not the full committee.

With these considerations in mind, the committee believes that it is time that forestry issues be moved either to its natural home – the Standing Senate Committee on Energy, the Environment and Natural Resources, or be given its own dedicated committee. There

⁹² The report, available on the committee's website, was titled "Fact-Finding Mission To British Columbia, Alberta And Washington State." It dealt largely with the consequences of the softwood lumber crisis.

is precedence for the latter option: on 16 May, 1986, the Standing Committee on Agriculture, Fisheries and Forestry became two separate committees: the Standing Senate Committee on Agriculture and Forestry, and the Standing Senate Committee on Fisheries. As the committee's investigation into rural poverty and rural decline indicate, there should be no shortage of subject matters to occupy the time of a dedicated committee. The committee intends to pursue this matter internally.

CHAPTER 5: TOURISM IN RURAL CANADA

While tourists have always been drawn to rural Canada's natural beauty – its iconic Rocky mountains, sprawling prairie wheat fields, endless boreal forests, isolated outpost villages, beautiful coastal vistas and magnificent northern lights, the idea of using tourism as an engine for rural economic development only really took root in the 1970s and 1980s, when many rural communities turned to tourism to help stimulate the local economy in the face of declining demand for labour in traditional sectors such as farming, forestry, fishing and other primary sectors.⁹³ The same is very much true today, as a number of witnesses noted:

Everyone knows forestry is on the decline and we do not know how long it will remain. We have tourist events such as the powwow and the water events in the month of August. The powwow in our community fills up the town and the surrounding areas. We should look at those avenues and cooperate with each other to see what is possible.

– Fred McGregor, as an individual,
Evidence, June 8, 2007

I said that the rural area as well as the rest of Canada has become a service economy, and that offers some opportunities. I am doing some work in Chapleau in northern Ontario, and I stay in a renovated egg grading station. It was renovated to become a B&B, and the owner is full of stories. Yes, we have eggs for breakfast — great breakfasts. He survives for part of the year on tourists from the U.S. He has gone from being a farmer and an egg grader with an egg route to running a B&B and living on tourism, including the snowmobile trade.

– Harry Cummings Professor, School of Environmental
Design and Rural Development, University of Guelph,
Evidence, October 31, 2006

The Importance of Rural Tourism

According Statistics Canada, nearly half of the 211 million tourist-visits to Canada in 2002 (one tourist can account for multiple tourist-visits) occurred in rural regions, with Canadian travellers accounting for the overwhelming majority of these visits (roughly 80% of all tourist-visits). Moreover, rural regions were the destination of choice for

⁹³ Dallen J. Timothy “Rural Tourism Business: A North American Overview” Chapter 3 of *Aspects of Tourism, Rural Tourism and Sustainable Business*, edited by Derek Hall, Irene Kirkpatrick and Morag Mitchell, Channel View Publications, 2005. p42.

almost 40% of the 36 million international tourist-visits in 2002, with the majority of these visitors coming from the United States.

Tourism also has, however, important non-economic benefits. Rural tourism can strengthen a sense of place and community pride by magnifying the existing attributes of the community, fostering a volunteer spirit and establishing a framework where the community works together to beautify the town through the creation of murals or parks or the preservation of historical buildings. Consequently, a greater understanding of the history and heritage of the community is cultivated and preserved for subsequent generations.

Community festivals and historical sites (museums, reconstructed forts, and so on) are good examples of how communities can generate economic benefits while building community solidarity. While most of these were aimed traditionally at catering to local residents (harvest festivals for farmers, lumber jack competitions for forestry communities, museums for the locals), communities have begun to appreciate their economic importance. As one researcher noted, “with the knowledge of the potential economic impacts, most rural communities have decided to broaden their scope to include bringing visitors from out of town.”⁹⁴ The Committee heard from several witnesses who described the role played by festivals and historical sites in their communities:

Canso has been an incredibly resilient community in terms of being innovative. They created the Stan Rogers Folk Festival. There are 900 people in the community who attend the festival and 600 people who volunteer. Everybody becomes involved in task teams, where they look creatively at how to diversify their community.

– Ishbel Munro Executive Director, Coastal Communities Network,
Evidence, February 15, 2007

The famous festival we have in St. Pierre-Jolys is the national frog jumping contest. In 1970 — when Manitoba had its centennial celebrations, I believe — the Queen came to St. Pierre-Jolys. The council of the day wanted to think of something very special so she would not forget St. Pierre-Jolys. Frogs and French people, it was a natural fit. They created a competition where the frog gets a

⁹⁴ Dallen J. Timothy (2005)

chance to jump three times, and the one that jumps the furthest wins a prize. To this day, that is still the focus of our festival on the long weekend of August, and the kids are really excited about it. Do not worry; if you do not want to bring your own frog, we also rent frogs”

– Muriel Bugera Economic Development Officer,
Chaboillé Community Development Corporation,
Evidence, March 9, 2007

On the other hand, communities are very resilient. You need to listen to them and see what you can do. You are going up to Kapuskasing. Ask them about their lumberjack festival. That is an idea they came up with five years ago. When it first crossed my desk, I thought they have got to be kidding. It was one of the best-written business plans I saw. Today it is a huge success. We do not give them funding anymore. The first one we did. You have to believe in these communities and in what they are trying to achieve.

– Louise C. Paquette, Director General,
Federal Economic Development Initiative in Northern Ontario,
Evidence, May 31, 2007

Keith Robichaud, Chief Administrative Officer of the County of Annapolis Royal, Nova Scotia, cautioned however that attendance at traditional historical sites, considered the bedrock of many rural tourism strategies, has been declining as tourists demand more experiential based recreational activities:

It is important to note that many of the traditional historic sites, such as the Habitation at Port-Royal and Fort Anne, and actually most of the National Historic Sites throughout the region, are experiencing declining visitation. Some of the research is pointing to needing new investment and other types of attractions, but I think also more festivals and events. Some of the focus in the local region has been on things like festivals and events and trying to bolster activities — what might be termed “experiential tourism” — getting people out, for example, on the water or getting them on the Annapolis River. We have invested money in things as diverse as the Annapolis County Back Country Watch Program and Canoe Annapolis County, mapping out canoe routes and bicycle routes here in the county. We cannot rely on our historic sites, for example, to carry the load anymore; we have to be doing other things that give people a better tourism experience. We have been experimenting, as I say, with things like bicycle routes for bicycle tours, to things like mapping out various canoe routes for our Canoe Annapolis County program.

– Keith Robichaud,
Evidence, February 22, 2007

The growing appeal of eco-based or nature-based tourism arguably helps satisfy this demand for more experiential-based activities. A number of rural communities and businesses are seizing these opportunities. Eleanor King, Director General of Community Development with the Atlantic Canada Opportunities Agency (ACOA) explained for example how the Gros Morne Institute for Sustainable Hospitality, established with help of ACOA funding, helps tourist operators tap into this growing segment of the tourism sector:

They train tourism operators for the Atlantic region to build on the interest in eco-tourism. They look at sustainable product development and delivery, and the provision of information. They train, share best practices and provide models to facilitate that. To date, they have worked with 286 individuals across Atlantic Canada to help them to see the benefits and to expand within their areas. Of those, 165 were tourism operators and another 121 were partners for the various tourism operations.

– *Evidence*, February 12, 2007

Concerns About Tourism

Despite the potential advantages of tourism for rural communities, a number of witnesses cautioned against thinking that tourism will fix all of rural Canada's problems. Professor Donald Reid from the School of Environmental Design and Rural Development at the University of Guelph and one of Canada's leading experts on rural tourism, told the committee that communities should not expect tourism to be a magic bullet:

Much of my work, as the chair has suggested, started with tourism development. For 12 years, I worked for the then Ontario Ministry of Culture and Tourism Development before moving on to the University of Guelph some 20 years ago. My interest was to determine the effects of tourism development on community solidarity and individual poverty reduction in rural areas. I was at that for some time, and I am sure you will all agree that tourism was going to be the saviour of rural areas having difficulty with resource extraction and the demise of their economies. The fact of the matter is, that is not the case. It has not been a magic bullet. In some ways, it has been a frustrating experience.

– *Evidence*, November 21, 2006

The evidence backs up Dr. Reid's caution – research shows that the tourism sector tends to take root most successfully in communities that are *already* economically

healthy.⁹⁵ The reason is simple: healthy communities have the infrastructure necessary to support a tourism sector, i.e., the local stores, shopping, hotels and volunteer sector that play a vital role in making tourists feel welcome.

One of the key challenges of rural tourism is that many communities lack the population base to provide the activities or amenities to attract and retain tourists for longer visits. Matters are made worse if rural communities within a larger rural district feel that they must compete with each other for tourist dollars. In these instances, Donna Mitchell told the committee that rural communities have much to gain by working collectively to market their region:

For very small communities of 100 to 400 people it is more difficult to find ways to diversify. The volunteers are getting older and they are getting tired because they are the same people year after year, given that no natural replacements are moving to town. The OECD has looked at how successful those small communities can be if they look beyond their own community. They call it «territoriality.» I have an example of that from British Columbia. The Sunshine Coast has some lovely villages along the water. I remember going there for info fairs where the federal government demonstrated its array of services for businesses, et cetera. At that time there were three tourism booths, all located in communities within 20 miles of each other. Their impression was that they were in competition. Yet, they had structured themselves in such a way that when I went up there on holidays, I did not stay overnight but instead I drove up, drove through and went on further. There was not enough to do. Yet, they had water, nature trails and all kinds of opportunities. Until communities find that 300 or 400 people might not be large enough to have a critical mass for sustainability over the long term, they have to look around and see their options. It is a bit like Humboldt where its strength is in working together as opposed to working as though every business is the competition to the business next to it. It is a difficult sell in Canada. We are not that collective in our thinking.

– *Evidence*, October 17, 2006

The tourism-as-economic-development strategy is criticized from another more fundamental perspective – a number of witnesses told the committee that tourism jobs tend to be low paying, low skilled service industry jobs with little or no benefits. They hardly compare to lost jobs in rural forestry, mining or manufacturing operations (for example), where wages were (and are) high and non-wage benefits plenty. Some

⁹⁵ Derek Hall and Morag Mitchell, “Rural Tourism Business as Sustained and Sustainable Development?” Chapter 5 of *Aspects of Tourism, Rural Tourism and Sustainable Business*, edited by Derek Hall, Irene Kirkpatrick and Morag Mitchell, Channel View Publications, 2005. p94.

witnesses also noted that the seasonal nature of the sector plus vulnerability to fluctuations in the exchange rate replicate the worst features of the primary industries without any of their benefits:

We moved into the tourism business, also a seasonal occupation. Many jobs are low-paying jobs that force people into programs on EI in the winter, which is really not a way of continuous living,...Jobs in Newfoundland, especially in the tourism business...are low-paying. Jobs in tourism pay \$7 per hour. The occupancy rate is 38 per cent in rural Newfoundland in some of the hoteliers, so they cannot afford to pay \$10 per hour.

– Colleen Kennedy of the Gros Morne Cooperating Association,
Evidence, February 19, 2007

Elizabeth Latos of Kapuskasing Ontario put it plainly when she told the committee that “tourism is overstated; there is not much money in tourism” (*Evidence*, June 1, 2007). Another witness observed that women in particular tend to be the ones who hold these low benefit, low paying jobs in the tourism sector:

Some things are the same. The gender inequities women face all over Canada are apparent here. Women in the Yukon receive on average 85 per cent of the income received by men. This wage gap is not as great as the rest of Canada, but that is deceptive. High wages paid by the territorial and federal governments keep many women out of poverty. However, the income gap is growing between those working for the government and in the mining sector and those working in the service and tourism industries. The seasonal nature of these sectors leaves many women without work in the winter. Many of the tourism and service sector jobs are part-time without benefits, pensions and security.

– Charlotte Hrenchuk, Coordinator, Yukon Status of Women Council,
Evidence, February 18, 2008

From an economic development policy standpoint, a rural community may invest much effort and money into a tourism strategy that is ineffectual, thereby leading to costs that local residents and businesses will have to absorb.⁹⁶ Even if a strategy is successful in attracting large numbers of tourists, the result may not be altogether positive since there is a danger that the new development may transform the culture of the community⁹⁷ or threaten the sustainability of the surrounding environmental resources.

⁹⁶ Dennis M. Brown “Rural Tourism: An Annotated Bibliography” Economic Research Service USDA

⁹⁷ E. Wanda George and Donald G. Reid, “The Power of Tourism: A Metamorphosis of Community Culture, Department of Business Administration and Tourism Management, Mount Saint Vincent University, Halifax Nova Scotia, Canada and School of Environmental Design and Rural Development, University of Guelph, Guelph, Canada, the authors questions sustainability of cultural based tourism when

The Future of Rural Tourism

There are clearly costs associated with tourism development. However, as one researcher put it, “the key to success in tourism often lies in communities striking a balance between the private and social costs and benefits of rural tourism development.”⁹⁸ It is true that tourism and hospitality jobs are often low paying but it is also true that these types of jobs provide valuable work experience and employment to many rural youth, as Peter Kenyon, a rural policy development expert from Australia, told the committee that “many of our towns have embraced tourism and its associated business activities. Given that 75 per cent of the jobs in that industry are for under-25-year-olds, it is an important industry that communities need to embrace for its job value and particularly its appeal to young people.” (*Evidence*, February 12, 2008)

It is also important to bear in mind that the rural economic landscape has changed dramatically. The primary sector no longer provides a steady supply of long term employment like it once did. Donna Mitchell Executive Director, Rural and Co-operatives Secretariats, Agriculture and Agri-Food Canada told the committee that communities must assess their strategies in a realistic way based on local circumstances:

Probably one of the hardest things we see is for people in small, well-to-do towns who depended on fishery, forestry and agriculture trying to adjust. The productivity that those sectors have sought in order to be successful for Canada, domestically and internationally, have fewer jobs as well as fewer well-paying jobs. It has not been necessarily easy to find a way to replace that industry. Our encouragement for those small towns looking for a way to move ahead is to understand the situation and see, based on the facts, whether or not it can discover ways that are more likely to successfully move forward.

– *Evidence*, October 17, 2006

As the committee stressed in its introduction, the key to successful rural economic development efforts is that policies and measures must be appropriate for the area or the community. No one is foisting a tourism strategy on rural Canada nor should they.

it threatens to transform the traditional underpinnings of a community: “Cultural-based tourism development invokes transformation, whereas the traditional community culture dies away while attempting to simultaneously create a new culture based on the icons of the traditional one. This may be described, metaphorically, as a death–rebirth-like process. (The) conventional notions of cultural tourism as a means of community sustainability without regard for traditional practices and values may not be appropriate”

⁹⁸ Dennis M. Brown “Rural Tourism: An Annotated Bibliography” Economic Research Service USDA.

Nicola Crosta, head of the Rural Development Unit with the Organization for Economic Cooperation and Development (OECD), stressed this point in his presentation to the committee:

We have observed that the most effective approaches to rural policy today are integrated...They start from the consideration of asking, "What kind of businesses do we want to support in rural areas?" That is a completely different starting point. It is the starting point to a place-based approach to rural development, which basically starts with an analysis of the potential and need of a given rural area and then the consequence of this analysis is tailoring policies to the specific potential and specific need of that area.

– *Evidence*, February 14, 2008

From this perspective, tourism strategies can be a process of reinvention. Peter Kenyon reminded the committee that it is important to look for opportunity at every turn:

We have also had programs that target customer service. The hotels association and the West Australian Tourism Commission asked me to do case studies on country pubs that have successfully reinvented themselves. Their concern was that we had just introduced smoke-free legislation, which means no smoking allowed in any country hotels or restaurants. For many of these country pubs that were probably being propped up by the four drunks who spent the day drinking and smoking at the bar, it looked like it could put the pubs out of business. This program focused on a program to help country pubs face this challenge of the introduction of smoke-free legislation and use it as an opportunity to reinvent themselves, particularly within the tourism sector. There have been a lot of those initiatives that have been very successful in helping people move forward.

– *Evidence*, February 12, 2008

Community partnerships and collaborative efforts between businesses are key ingredients of success of tourism strategies. Hospitality businesses such accommodations, food and attractions must work together and in collaboration with community efforts. As Sandra Lawn of Athens, Ontario told the committee:

We have made a supreme effort to cooperate with the communities to organize the winter games. We see more cooperation with the separated towns. Of the four separated towns in Ontario, three of them are right around here. I think that says something about the kind of people that grew up here. Smiths Falls is a separated town from the county, as are Prescott and St. Marys in another part of Ontario. We are now cooperating and bringing them back into closer discussions. Sometimes the small towns feel the cities get their own way more than the small rural municipalities. We are seeing a lot of cooperation in cultural tourism, sport tourism and ecotourism. Obviously, one community cannot do it alone.

– *Evidence*, March 30, 2007

The branding of a tourism product or community can be integrated with efforts to promote the region as a place where tourist may want to settle in the future and thus help stem the decline in rural population, something the Scottish government has credited with helping increase its rural population (see Chapter 11 on immigration). One researcher notes that high volume tourism based on reducing costs is generally not a good fit for rural tourism, it better to focus on building value-added, niche market and product differentiation, which follows that “...rural brands need to accentuate their local identity and sense of place in a manner meaningful to the market, and to think about the emotional heart of the brand as perceived by the visitor.”⁹⁹.

Finally, it is important to recognize that there is much cause for optimism about the future of tourism in rural Canada. Mr. Kenyon for example told the committee that “tourism is growing to be the biggest industry in the country as it is in Canada and internationally. It is certainly the fastest growing industry and rural Australia has much to contribute.” (*Evidence*, February 12, 2008)

At least some of the growing demand for tourism is probably related to important demographic changes already underway: as more and more of the “baby boomer” generation retire, demand for leisure and recreational activities in rural spaces is expected to increase. As one researcher observed: “the Province (Ontario) is ... witnessing increased demand for rural tourism and recreation activities. This demand is, in part, resulting from the demographic shift: the aging baby-boomer population represents a

⁹⁹ Jackie Clarke “Effective Marketing for Rural Tourism” Chapter 5 of *Aspects of Tourism, Rural Tourism and Sustainable Business*, edited by Derek Hall, Irene Kirkpatrick and Morag Mitchell, Channel View Publications, 2005. p94

significant component of the population and one with relative wealth and abundant leisure time.”¹⁰⁰

The Canadian Tourism Commission, a federal Crown Corporation created in 1995 to promote tourism in Canada, cites another demographic group that may surpass the “baby boomers” in terms of tourism dollars: “(w)hile the baby boomers make up the largest and wealthiest portion of the U.S. demographic, adults between the ages of twenty-five and forty, labelled Generation X now spend more per leisure trip than American baby boomers.”¹⁰¹ Rural tourism may also benefit from other cultural trends such an increased societal awareness of the environment and the related desire to escape the confines of urban centres. Some witnesses felt that despite this potential, the federal government was not doing enough to market rural Canada to urban Canadians and to potential tourists from around the world.

We should do anything we can do to support that sector of the economy. In certain parts of Canada, the tourism sector is a value-added activity. It is a take on the environmental goods and services. It is “we value that experience.” We are tame in our promotional activities. We are not innovative in the way we promote our countryside and our opportunities. We can support the service sector in a variety of ways. If we do, we will support rural in much of Canada, not everywhere, but certainly in much of Canada.

– Harry Cummings, Professor, School of Environmental
Design and Rural Development, University of Guelph,
Evidence, October 31, 2006

The federal government’s main lever to help the tourism industry is the aforementioned Canadian Tourism Commission (CTC). The CTC works in partnership with the industry to promote Canada’s brand internationally and encourage travellers to visit Canada. It also conducts tourism research to provide timely, accurate information to the Canadian tourism industry. Currently, rural Canada is not highlighted as a focus in CTC’s strategic planning documents. In fact, according to one media report, CTC has *moved away* from marketing based on iconic, largely rural Canadian images to touting Canada’s identity as an *urban* country, to “get people to think differently, to look at

¹⁰⁰ Todd Gordon, “Scan Three: Rural Roads”, from a series of rural development Think Tanks organized for the Rural Secretariat, November 28, 2001 to May 7, 2002, available at: http://www.rural.gc.ca/research/tank_e.phtml

¹⁰¹ Canadian Tourism Commission, *Corporate Summary Plan for the 2007 to 2011 Planning Period*, available at: http://www.corporate.canada.travel/en/ca/about_ctc/corporate_reports/corporate_plan.html

things in a non-traditional way.”¹⁰² The committee believes that more can be done to promote rural Canada as an exciting tourist destination for international travellers.

RECOMMENDATION 5-1: The committee recommends that the federal government, through the Canadian Tourism Commission (CTC) and the proposed Department of Rural Affairs, create a promotional program that specifically markets rural Canada as a tourist destination to international and Canadian travellers.

Conclusion

Some researchers have noted that the draw of the rural countryside for tourists is somewhat paradoxical given the reality of population decline in many rural regions today.¹⁰³ Demographic and cultural trends, however, create real opportunities for rural Canada’s tourism sector. The rural tourism industry may not replace all the jobs lost due to the decline of the primary industries but if communities so chose, and if they can find a way to work together and tap into their volunteer base, tourism can emerge as a leading industry in rural Canada.

¹⁰² Michael Mandarano, “Spicing up Canada’s image abroad,” *Capital News Online*, December 2, 2005, available at: <http://www.carleton.ca/jmc/cnews/02122005/n4.shtml>.

¹⁰³ Dallen J. Timothy “Rural Tourism Business: A North American Overview” Chapter 3 of *Aspects of Tourism, Rural Tourism and Sustainable Business*, edited by Derek Hall, Irene Kirkpatrick and Morag Mitchell, Channel View Publications, 2005. p43

CHAPTER 6: ADDRESSING THE RURAL INFRASTRUCTURE DEFICIT

First of all, when this powerful economic engine of rural Canada, in my case, rural British Columbia, was created, they did not wait until a pulp mill was built in Prince George to put in a railway line. They did not wait until a pulp mill was built to put in a gas line down from the Peace River region. In fact, they had to set in place all of those infrastructure pieces before the forest industry would even think of investing a dollar in a pulp mill. To me, the line of putting in services after the population is up or down is nonsensical. Policy leads where we want to go, and by default we have been de-servicing rural and small town Canada and thus exacerbating out-migration.

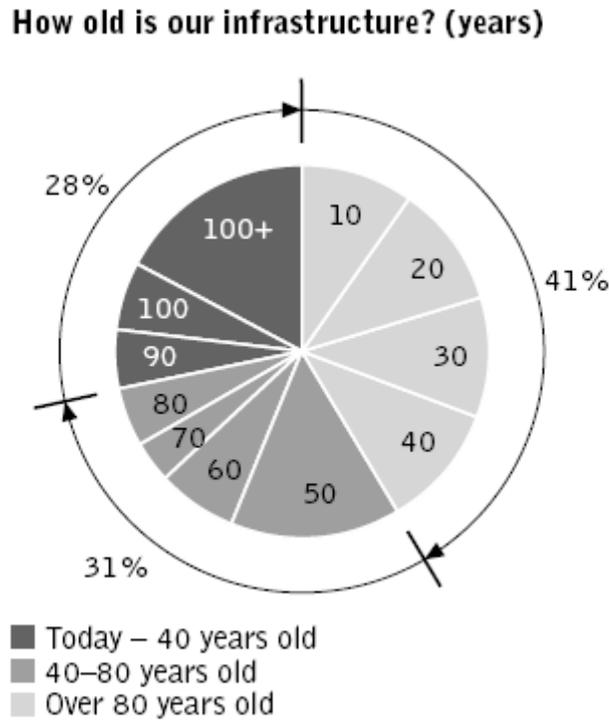
– Greg Halseth, Professor, Geography Program, and Canada Research Chair in Rural and Small Town Studies, University of Northern British Columbia, *Evidence*, March 5, 2007

Historians have long argued that Canada is a nation defined as much by its infrastructure as its linguistic duality or its proximity to the United States. If this is true for Canada as a whole, it is especially true for rural Canada. Large-scale public projects such as the national railway, the TransCanada Highway, the telegraph and telephone systems, and the St. Lawrence Seaway not only helped stitch together a nation, they also helped settle much of what is now considered rural Canada. The nation's infrastructure is, of course, much more than a collection of mega-projects. It also comprises local roads and streets, bridges and tunnels, and airports and train stations. It is municipal waste and water treatment facilities, streetlights and fire halls, hockey rinks and community halls, theatres and athletic centres, and much more.

Since the late 1970s, however, there has been a slowing of investment in public infrastructure in Canada, and it is starting to show. The current stock of infrastructure is old and aging, contributing to a large infrastructure debt in Canada. As indicated in Figure 6-1, more than 70% of the nation's infrastructure is 40 years or older and therefore in constant need of repair and maintenance. According to the federal government's own assessment, much of the existing infrastructure is strained.¹⁰⁴ If nothing is done, this aging infrastructure will eventually compromise the safety and economic well-being of all Canadians – but especially rural Canadians.

¹⁰⁴ Industry Canada, "Building Canada: Modern Infrastructure for a Strong Canada," available at: <http://www.buildingcanada-chantierscanada.gc.ca/index-eng.html>

Figure 6-1



Source: Civil Infrastructure Systems, “Technology Road Map 2003-1013,” available at: <http://www.ingenieurscanada.ca/e/files/TRMReporteng.pdf>

It is hard to overstate the importance of infrastructure to the economic and social well-being of rural citizens. Without adequate roadways, wharves and seaports, railways and airports, goods from Canada’s largely rural-based agricultural and natural resources sectors could not reliably and affordably be shipped across the country and internationally. The impact on rural Canada’s economy is evident; but there would also be other far-reaching consequences. Without an adequate transportation and communications infrastructure, many rural citizens could not access life-saving medical care or life-changing educational opportunities. Rural lives would be shortened, careers would be unobtainable, and quality of life would be downgraded. In short, without adequate infrastructure, rural Canadians cease to be full-fledged citizens.

Municipal Infrastructure In Rural Canada

Over the last 20 years or so, financial responsibility for the nation's infrastructure investment has been shifting from higher levels of government to the municipalities. A recent study prepared for the Federation of Canadian Municipalities (FCM) found that municipal governments' share of all infrastructure investment had grown from 30.9% to 52.4% between 1961 and 2002.¹⁰⁵ As Pat Vanini, Executive Director, Association of Municipalities of Ontario, told the committee, "governments like to download and municipal governments are at the bottom end of that fiscal ladder...in Ontario, by virtue of such downloading, municipal governments took on a lot more over the years than we had seen in the many years before." (*Evidence*, March 27, 2007)

While the municipal infrastructure deficit affects large and small cities, rural and northern communities arguably suffer most because they are expected to "build and maintain the full range of municipal infrastructure regardless of their population size."^{106 107} It is not uncommon to see abandoned buildings, water and sewage systems on the brink of collapse, unsafe roadways and other telltale signs of a community in decline. When the committee was in Kaspuskasing, Ontario, Mona Comeau, the Services Manager of Jeanne Sauvé Family Services, described the effects of rural decline on a community: "[w]e need only look around; there are many abandoned houses; there has been a drop in local pride. Our roads are in bad shape, because our population drops from one year to the next" (*Evidence*, June 1, 2007).

Many witnesses expressed deep concern at the state of rural infrastructure in Canada. It was suggested that the rural infrastructure deficit was not only the end result of population loss but also the driver behind it.

¹⁰⁵ Saeed Mirza, *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure*, report prepared for the Federation of Canadian Municipalities, November 2007.

¹⁰⁶ The main "own-source revenue" of municipalities derives from the property tax base, which is generally considered regressive and declines with falling property values.

¹⁰⁷ Industry Canada, "Building Canada: Modern Infrastructure for a Strong Canada," available at: <http://www.buildingcanada-chantierscanada.gc.ca/index-eng.html>

The infrastructure in some of those communities is poor, it has to go. However, there are not enough young people around to pay the taxes, therefore, the infrastructure goes and there is nobody there to replace it.

– Israel Hann, as an individual,
Evidence, February 19, 2007

While out-migration has been a way of life in many parts of Nova Scotia for decades, really since Confederation, the increased numbers of people leaving for other parts of the country has increased significantly. This out-migration is dismantling our rural infrastructure.

– Lucille Harper, Executive Director, Antigonish Women’s Resource Centre,
Evidence, February 23, 2007

Our roads are deteriorating. The infrastructure in our communities is going. We are losing schools, health facilities, stores and employers. All these factors and the fact that women are living longer than men certainly puts an aging face on the rural poverty of Nova Scotia, and particularly in Annapolis County.

– Della Longmire, Executive Director, Women’s Place Resource Centre,
Evidence, February 22, 2007

The whole world is moving to more urban areas, some more so than others. That has created a challenge for rural infrastructure and for the character of those communities.

– David Butler-Jones, Chief Public Health Officer,
Public Health Agency of Canada,
Evidence, May 3, 2007

Rural depopulation and the related deterioration of municipal infrastructure are straining or compromising even the basic functions of waste and water management systems. A review of key studies on infrastructure found that “sewage systems, water distribution systems, and water supply installation are among the oldest infrastructure facilities in Canada.”¹⁰⁸ In many rural communities, even these aging facilities are unavailable, and rural residents must rely instead on wells, lakes or streams for their drinking and bathing water. This situation creates further concerns, as water quality in

¹⁰⁸ Summary of 1996 Federation of Canadian Municipalities (FCM) and the Department of Civil Engineering and Applied Mechanics – McGill University, Report on the State of Municipal Infrastructure in Canada in Infrastructure Canada, *Assessing Canada’s Infrastructure Needs: A Review Key Studies*, p. 2.

wells is frequently cited as a problem.¹⁰⁹ Kurt Klein, Professor, Economics Department, University of Lethbridge, told the committee that “(m)ost rural citizens get their water from underground sources that receive inadequate and infrequent testing” (*Evidence*, November 30, 2007).

Rory Francis, Executive Director of PEI BioAlliance, argued that infrastructure investment is key to breaking the cycle of rural decline and rural poverty: “I would start off by saying that governments must be prepared to invest in new economic infrastructure in rural communities if we are going to be able to break the vicious circle of reduced economic opportunity, reduced job opportunities, increased out-migration, reduced population density, lack of critical mass to support key infrastructure, which leads to rural poverty.” (*Evidence*, February 20, 2007)

Recently, the federal government has begun to develop a larger role in financing municipal infrastructure through arrangements with the provinces, territories and First Nations.¹¹⁰ Initially, these efforts largely bypassed smaller, rural communities, as noted by Donna Mitchell, Executive Director of the Rural and Co-operatives Secretariats at Agriculture and Agri-Food Canada:

At Infrastructure Canada, we are on our third major level of infrastructure at the federal level. In the first level, there was no set-aside, no specific objective of dealing with rural Canada. A lot of the money was put into large projects that tended to be around larger cities. By the second infrastructure program, we had worked with that group and set aside between 15 per cent and 20 per cent of the monies that were going into infrastructure for smaller communities. We now, at the third stage, have a rural municipal infrastructure fund, which has its own particularities and its own type of approach. For example, the community of Nunavut was desperate for housing to bring leadership in and house its own people. Even though water and transportation was the major thrust of the Nunavut infrastructure program, there was the ability to use that fund for housing.

– *Evidence*, October 17, 2006

¹⁰⁹ Industry Canada, “Building Canada: Modern Infrastructure for a Strong Canada,” p. 20, available at <http://www.buildingcanada-chantierscanada.gc.ca/index-eng.html>.

¹¹⁰ In the 1990s, “collaborative arrangements” among federal, provincial and municipal governments became more frequent and wider in scope. The Canada Infrastructure Works Program (1994–1999) was a major example of this shift, followed by the Canada Infrastructure Program in 2000–2007.

Text box 6-1: Policy Leads Where We Want to Go: What's Good for the (urban) Goose is Good for the (rural) Gander

Testimony by the Honourable Gerry Byrne, PC, Member of Parliament for Humber–St. Barbe–Baie Verte, at the Committee's meeting in Corner Brook, Newfoundland, February 19, 2007:

I will put it from this point of view. Not many years ago, North American large urban cities, big centres, faced a crisis. It was called depopulation, the ghettoization of the urban core. There was a decision taken by all levels of government at that time that the ghettoization of inner cities was a negative public policy, that it was a negative circumstance that public policy and public financing had to address. Granted, it was cheaper from a public policy point of view to simply let suburbs evolve and expand; it is more expensive to re-develop inner city core infrastructure. However, it was also determined that it was not in the public interest to let our cities and the cores of our cities erode to nothingness. Substantial resources were put in place, and a public policy effort actually reversed the trend of depopulation of our urban cores, reversed the trend of the removal of the industry and social services from our inner city cores, and public policy, not the marketplace, because the marketplace was deciding that people should move to the suburbs, public policy revitalized our inner city cores.

Here is the situation when it comes to rural Canada. There is no public policy directive that genuinely and honestly admits there is a problem and says we should reverse it. In fact, most public policy-makers will argue that the real public policy towards rural Canada is the controlled or tempered decline, in such a way that the peripheral regions do not collapse on their own weight, creating huge social chaos, but are simply just allowed to drift on a steady, even field without any substantial disruption to the social fabric. That is the unspoken public policy truth of this country and of North America. Not just our own Canadian example, but North American example....

In fact, there is an appreciation, obviously, within some consumer groups, some marketplace, that rural life is a preferred life. That, I think, is the pendulum that we now face. In terms of the decay of the urban core, there was a decision taken that this is not in our national interest — and federal, provincial and municipal governments and industry worked cooperatively to isolate reverse that trend.

Currently, the federal government is in transition between two sets of policies for rural infrastructure funding. In November 2007, the government announced the latest infrastructure funding program, called the Building Canada Plan. Program framework agreements are being worked out with the provinces and territories. The Building Canada Plan provides \$33 billion over a seven-year period, from 2007 to 2014. It includes targeted funding,¹¹¹ Provincial-Territorial Base Funding (\$2.275 billion) and the following mainly municipal initiatives (some of the funding for these was previously announced):

¹¹¹ Public-Private Partnerships Fund (\$1.25 billion), Gateways and Border Crossings Fund (\$2.1 billion), Asia Pacific Gateway (\$1.0 billion).

- Municipal GST Rebate:** The federal government announced the “maintenance” of the existing 100% rebate of the GST/HST on goods and services paid by municipalities (valued at \$5.8 billion). This is a continuation of the existing rebate, which was increased in 2004 from 57.14% to 100%.
- Gas Tax Fund:** This funding (\$11.8 billion) is designed to represent a portion of the federal gas tax. It is intended to enhance communities’ environment and quality of life through support for such projects as public transit, water and wastewater services, solid waste management, community energy systems, and local roads and bridges. It is also intended to provide communities with the capacity to undertake long-term planning.
- Building Canada Fund:** The priority areas of the \$8.8-billion Building Canada Fund (BCF) are the core National Highway System, drinking water, wastewater, public transit, and green energy. The fund is allocated on a per capita basis and is cost-shared with the provinces/territories and their municipalities. The program has two parts: the Major Infrastructure Component (MIC) and the Communities Component. The MIC targets larger projects, while the Communities Component targets projects in communities with fewer than 100,000 people. Projects are selected through an application process.

The Communities Component of the BCF is the successor of the Municipal Rural Infrastructure Fund (MRIF), the federal government’s main rural infrastructure investment vehicle since 2003. Ardath Paxton Mann of Western Economic Diversification Canada (WD) told the committee that

The Municipal Rural Infrastructure Fund makes strategic investments to improve and increase the stock of core public infrastructure in areas such as water, waste water, culture and recreation....This fund was designed to mitigate the concerns of small rural communities that felt that significant funding was not being allocated to them because they were small and because of issues like rural depopulation and perhaps reduction of transportation on highways and bridges. Their concern was that perhaps the infrastructure dollars did not need to be allocated to those communities. In fact, this program has indicated that that money does need to be allocated and it is being allocated.

– *Evidence*, March 1 2007

The MRIF is cost-shared with the provinces and municipalities; the federal share, on average, is one-third.¹¹² Part of the funding is designed to support “green infrastructure” such as water, wastewater, solid waste and municipal energy improvements, and public transit.¹¹³ Other qualifying projects include “cultural, tourism and recreational infrastructure, local roads and broadband connectivity.”¹¹⁴ In May 2007, the federal government announced an additional \$200 million for the MRIF.

The committee was surprised to learn that, despite the fund’s ostensibly rural focus, the MRIF defines “rural” as communities with fewer than 250,000 people – a definition at odds with both the Statistics Canada rural definitions: census definition (communities with fewer than 1,000 people) and the rural and small town definition (communities with fewer than 10,000 people).¹¹⁵ Yet, even under the program’s very broad concept of rural, 20% of MRIF funds are destined for communities with *more than* 250,000 people, a strange allocation rule for a fund devoted to rural communities.¹¹⁶

Some witnesses felt there was indeed an urban bias in the federal government’s infrastructure funding. This bias appears rooted in the belief, that it is a waste of money to invest in declining rural communities when so much of the nation’s economic activity seems rooted in urban Canada. Bob Young, Mayor of Powassan, Ontario, told the committee that the application process for the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF) was expensive and complicated, and that it worked against small communities like his:

I can comment on the latest COMRIF round. Obviously, as Mr. George touched on earlier, the fund is nothing more than an expensive lottery. The process was far too complicated; the application form was too complicated. You had to buy the lottery ticket — incur the expense of an engineer or a consultant to do the

¹¹² The federal government also partners with First Nations and the territories, where the federal contribution may be more than one-third. The federal government also partners with the private sector.

¹¹³ In total across Canada, a minimum of 60% of MRIF funding, with a minimum of 40% per jurisdiction, targets “green infrastructure.”

¹¹⁴ http://www.infrastructure.gc.ca/ip-pi/mrif-fimr/info_e.shtml

¹¹⁵ The agencies are Canada Economic Development for Quebec Regions (Quebec); ACOA (Atlantic); and WD (West). In Ontario, Industry Canada (not FedNor) delivers the program. Indian and Northern Affairs Canada delivers the program to First Nations and the territories.

¹¹⁶ In a written response to an inquiry by the committee, Western Economic Diversification explained that 54% of approved MRIF funding and 85% of all projects for Alberta, Manitoba and Saskatchewan between December 2004 and March 2007 went to communities with populations of fewer than 10,000.

application — when, in a lot of cases, there was very little hope of getting the funding.

– *Evidence*, April 17, 2007

Mr. Young explained that small communities such as Powassan did not have the resources to compete with larger communities for funding: “We are not on a level playing field with Mississauga or Chatham. We are 3,200 people, but when applying for funding on a comparable scale, we are under the same rules as they are. We certainly can coexist, but there have to be different funding formulas for smaller and larger municipalities.” (*Evidence* April 17, 2007) Mr. Young added that Ontario’s Rural Infrastructure Investment Initiative provides a good example of a simpler and more equitable application process: “Over the last few months, there was the provincial government Rural Infrastructure Investment Initiative, which was a very simple process. Funding up to 100 per cent of a project was available, as long as it was engineer-ready. That is the type of funding we would like to see — simple and easily accessible — where you do not need an engineer or a consultant to fill in the application.” (*Evidence*, April 17, 2007)

The committee believes that rural infrastructure funding should target rural communities. It is pleased, therefore, to learn that the new Communities Component of the Building Canada initiative targets communities with fewer than 100,000 people. This would appear to be a step in the right direction, although it is also important to recognize that full details on the Communities Component program and its application process have yet to be released.¹¹⁷ The committee also believes that funding formulas should take into account that small revenue-strapped rural communities do not have the expertise and resources to make competitive applications for funding. Applying for infrastructure funding should not be like an expensive lottery. The federal government should either simplify the application process or provide funding to help rural communities with the process and associated expenses.

RECOMMENDATION 6-1: The committee recommends that the federal government simplify its application process and/or provide financial and technical assistance to help small rural communities apply for government infrastructure funding.

¹¹⁷ They are currently being negotiated through Communities Funding Agreements with the provinces and territories.

Bridging The Digital Divide

In urban Canada, where cell-phones abound, Blackberries proliferate, and high-speed Internet services can be accessed effortlessly from almost everywhere, it is easy to forget just how new all of these information and communications technologies (ICTs)¹¹⁸ are, how important they have become, and how much they have bypassed large parts of rural Canada. ICTs are such an important part of modern life that researchers have dubbed them “general purpose technologies,” the same label applied to earlier forms of ICTs such as the telephone. Unfortunately, the backbone of these new technologies, namely, access to high-speed broadband¹¹⁹ Internet services, is not generally available throughout rural Canada. According to a recent Canadian Internet Use Survey by Statistics Canada,¹²⁰ only 58% of rural and small-town residents accessed the Internet in 2005, compared to 71% of urban residents.¹²¹ The study also found that “the odds of urban dwellers using the Internet were almost one and half (1.48) times greater than those from small towns and rural areas”¹²² and showed that the three most important barriers to Internet use in Canada were low income, a lower level of education, and a *rural location*.

¹¹⁸ As described in Statistics Canada’s publication *Our Lives in Digital Times*, the term ICTs covers many goods and services associated with new as well older technologies such as television, telephone, wireless technologies and the Internet. However, many references to ICTs appear to describe the recent rapid proliferation of new information and communication technologies through broadband connections, which, among other things, have contributed to the convergence of previously distinct technologies such as cable, satellite and telephone systems.

¹¹⁹ The term broadband does not refer to a specific technology but to any communication channel such as a telephone or cable wire or satellite capable of transferring large amounts of digital information. Broadband networks are not only used to communicate between households (through the Internet) or within institutions, but also make possible the withdrawal of money from ATMs. There is wide variation from country to country as to what comprises broadband. According to Canada’s National Broadband Task Force Report, the international standard is roughly 1.5 to 2 million bits of information per second; but since what seems fast in one period is slow the next, the Task Force adopted a more flexible definition which described broadband as “a high-capacity, two-way link between an end user and access network suppliers capable of supporting full motion interactive video applications.”

¹²⁰ Statistics Canada, “Canadian Internet Use Survey,” *The Daily*, August 15, 2006, available at: <http://www.statcan.ca/Daily/English/060815/d060815b.htm>

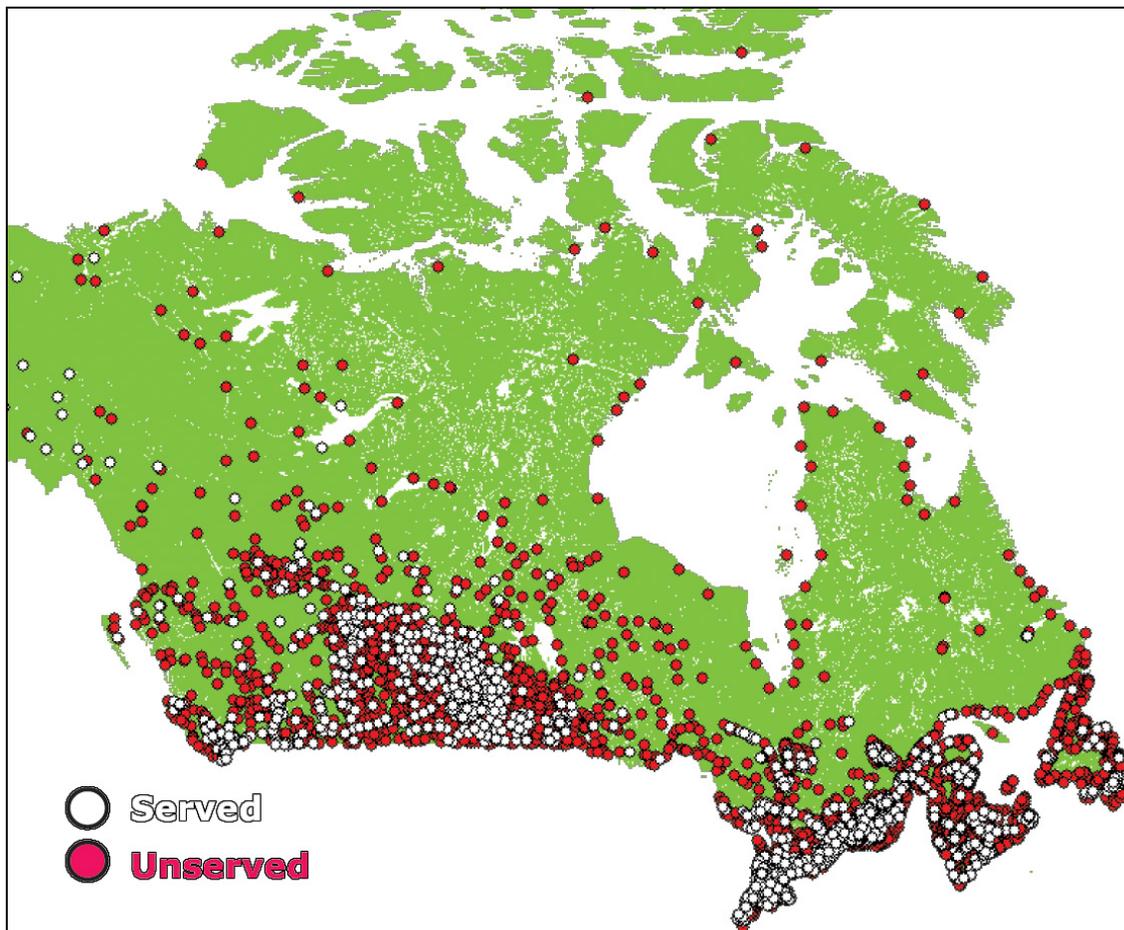
¹²¹ Urban boundaries are based on Statistics Canada’s census metropolitan areas (CMAs) and census agglomerations (CAs). The rural and small town category consists of Canadians living outside CMAs and CAs.

¹²² Larry McKeown, Statistics Canada, and Anthony Noce and Peter Czerny, Industry Canada

“Factors Associated with Internet Use: Does Rurality Matter?” *Rural and Small Town Canada Analysis Bulletin* 2007, available at: <http://www.statcan.ca/english/freepub/21-006-XIE/21-006-XIE2007003.htm>.

An earlier report by the Canadian Radio-television and Telecommunications Commission (CRTC) helps explain these statistics. It found that 47% of Canadian communities, mainly rural and small towns, did not have broadband access in 2005.¹²³

Figure 6-2
Broadband Access by Community: Canada
July 2003



Source: Prabir Neogi, Bryan Van Tol and Ben Veenhof, “High-Speed on the Information Highway: Broadband in Canada,” 2003, available at:
<http://www.statcan.ca/bsolc/english/bsolc?catno=56F0004M2003010>.

¹²³ CRTC (2006b) “Monitoring report: Status of Competition in Canadian Telecommunication Markets” Ottawa: Canadian Radio-Television and Telecommunications Commission (July).

(a) Rural Broadband: Benefits and Challenges

These findings were given tangible form by many of our witnesses, who shared their frustration with accessing the Internet in rural areas. Most were hamstrung either by lack of availability (i.e., no high-speed Internet; just dial-up) or by cost (satellite access is too expensive). Sometimes the distance between the digital “haves” and “have-nots” is measured in distances as little as 10 kilometres, as Pauline Raven, Research Associate at the Canadian Centre for Policy Alternatives, explained: “I have high-speed access, because I am on the main corridor between Acadia University and the Valley Regional Hospital. I have no problem. Ten kilometres up the road, where my friends live, there is no high-speed connection, except for satellite connection, which is highly expensive.” (*Evidence*, February 22, 2007)

The irony is that, arguably, rural citizens stand to benefit the most from broadband’s ability to reduce costs, distance and time as factors in delivering both public and private products and services through digital networks. As it is, however, the rural-urban digital gap often ends up exacerbating existing urban and rural disparities and hastens the decline of rural economies. Anna Sawicki from the Canadian Network for Innovation in Education told the committee, for example, that the digital divide often means that rural citizens are unable to engage in the kind of distance-learning opportunities that could help narrow the large gap in rural versus urban educational outcomes (discussed in Chapter 8):

**Text Box 6-2
Telephone and Long-Distance Services**

In the past, providers of telephone and long-distance services who enjoyed exclusive market share were required to provide affordable prices for services to rural citizens, regardless of the actual cost. Today that type of subsidy system is no longer in place. Instead, the CRTC requires telecommunication firms to contribute to a national fund that would then subsidize local telephone services.

The problem occurs when you are not on the backbone of a broadband network. I think I used the example in Nova Scotia where you might be close to the backbone from Halifax to Cape Breton, but if you are not on the backbone of that broadband network, you will not be able to get the types, number or availability of courses or programs. That is why it is so important that the infrastructure get away from that backbone and seep through the “vertebrae” of the body that is Canada.

– *Evidence*, December 4, 2007

Problems with access to the Internet also impede rural businesses, as Denise Julien, Director General, Centre des services aux réseaux d'entreprises du secteur forêt, explained in her presentation to the committee in Maniwaki: "Many municipalities have Internet, but the connections are as slow as cold molasses and practically useless. This drives people away from our region. Companies cannot do business in places that lack proper communication systems." (*Evidence*, June 8, 2007)

By contrast, rural communities that are fortunate enough to have access to affordable high-speed Internet are suddenly exposed to a hopeful future, one where the Internet serves as a draw for people fleeing the congestion of urban centres, as an anchor for rural citizens anxious to find a way to stay in their communities, and as a tool for rural businesses wanting to reach large international markets in a cost-effective way,¹²⁴ something they have never been able to do before. From this perspective, the Internet represents an *opportunity* for rural communities to diversify and reduce their traditional reliance on resource-based industries and the cyclical nature of economic growth that accompanies this dependency. Charles Cirtwill, Acting President of the Atlantic Institute for Market Studies, shared with the committee an example of how this kind of access could end up generating long-term benefits for rural communities: "We also see the wired and wireless world allowing rural communities to parlay their quality of life into a sustainable standard of living by attracting an increasing number of internet-based industries. I was talking to someone recently who operates a travel agency in the basement of their home." (*Evidence*, February 15, 2007)

(b) The Importance of Policy

The predominant broadband technology in Canada is cable modems and Digital Subscriber Lines (DSL) delivered through the existing telephone infrastructure.¹²⁵ According to a recent Statistics Canada study,¹²⁶ many rural regions lack cable access; and while telephone wires are more universally available, there are technical limitations

¹²⁴ Prabir Neogi, Bryan Van Tol and Ben Veenhof, "High-Speed on the Information Highway: Broadband in Canada," 2003, p. 23, available at:

<http://www.statcan.ca/bsolc/english/bsolc?catno=56F0004M2003010>.

¹²⁵ *Ibid*, p. 10.

¹²⁶ Larry McKeown, Anthony Noce and Peter Czerny, *op cit*.

in how far telephone wires can carry the DSL signal (5.5 km) without supporting equipment. For more remote rural communities, particularly northern regions, the only high-speed option is costly wireless systems delivered by satellite or antennas, although physical barriers such as mountains and valleys can limit the coverage of terrestrial wireless communication. In short, the reason for the relative absence of affordable high-speed Internet services is familiar: rural Canada lacks the population density necessary for private companies to deliver them in a profitable way. Simply put, it costs too much to deliver services to too few people.

In the past, these kinds of profitability barriers were overcome by government intervention in the provision of telecommunications services. The federal government permitted large regional telecommunications monopolies (and hence predictable profits) on the understanding that the monopolies would provide roughly equivalent and similarly priced services to urban *and rural* Canadians alike. Beginning in the 1980s, however, the federal government began to move away from this policy framework, introducing more competition into the provision of telecommunications services while trying to address rural-urban disparities in different ways, some of which are discussed below. Jack Proulx, President of Solidarité rurale du Québec, told the committee that he believes the shift towards deregulation was ultimately urban-centric, leading to a worsening of existing rural-urban disparities:

For the rural and isolated communities of Quebec and Canada, the law of supply and demand alone will not close the gap that it has helped to increase. In that sense, the deregulation of the telecommunications market that the federal government has just introduced probably addresses concerns that are more those of the major urban centres than the rural communities, because basic services for citizens in the rural areas will become more costly and less accessible.

– *Evidence*, May 15, 2007

To address the rural-urban divide in the new more competitive telecommunications market, federal, provincial¹²⁷ and territorial governments have introduced a range of

¹²⁷ One example of a provincial initiative is Saskatchewan's CommunityNet, which provides broadband access to public-sector institutions in rural communities. According to Anna Sawicki, Secretary-Treasurer, Canadian Network for Innovation in Education, "CommunityNet is a broadband high speed provincial telecommunications network that will connect more than 800 schools and regional colleges – including those on First Nation reserves, 310 health facilities, 162 public libraries and 256 government offices into a

financial incentives to promote high-speed Internet in rural and remote communities. At the federal level, programs include the CRTC's "Deferral Account," the National Satellite Initiative, the Broadband for Rural and Northern Development (BRAND) Pilot Program, and funding under the Canada Strategic Infrastructure Fund and regional economic development agencies. Text Box 5-3 discusses these in more detail.

Text Box 6-3: Federal Programs to Increase Access to High-speed Internet Services in Rural Canada

- **The CRTC Deferral Account** is a fund mandated by the CRTC and created by contributions from telecommunications providers to help fund and expand high-speed Internet services to rural and remote regions and improve access to telecommunications services for persons with disabilities.
- **The Broadband for Rural and Northern Development (BRAND) Pilot Program** has helped rural communities to access broadband connections. The program, announced in 2002, was designed to assist First Nations, rural and northern communities, but it is now effectively terminated. It provided funding to help with business plan development, followed by funding to put in place broadband infrastructure.
- **The National Satellite Initiative** was put in place to provide affordable satellite capacity for the deployment of broadband services to communities in the far to mid-north and in isolated and remote areas of Canada where satellite technology is the only viable option for high-speed Internet services.
- Within the Canada Strategic Infrastructure Fund (CSIF) managed by Infrastructure Canada, there is an \$85-million envelope "that funds the acquisition of satellite capacity, and possibly common ground infrastructure, for satellite-based broadband projects in isolated and remote communities across Canada where satellite is the only practical means of providing broadband access. Funding is provided on a cost-share basis based on Infrastructure Canada's CSIF criteria."
<http://broadband.gc.ca/pub/program/nsi/aboutus.html#nsiround2>
- The Canadian Space Agency Ka-Band Northern Project "consists of a \$50 million credit of Ka-Band satellite capacity from Telesat Canada's Anik F2 satellite for the deployment of broadband services in the northern parts of Canada. This capacity is available for public and community-based institutions in the north and far north until 2015."
<http://broadband.gc.ca/pub/program/nsi/aboutus.html#nsiround2>

The committee's witnesses were generally supportive of these programs but argued that more needs to be done. Don Johnson, Chair, Rural Forum, Federation of Canadian Municipalities, told the committee that the federal government must continue to fund programs that promote high-speed Internet connection, similar to the design of the BRAND program; specifically it needs to "ensure that rural communities have high-speed access to the Internet by developing and funding a program based on the successful

private network that is separated from the Internet, yet provides access to it. It is more cost-effective by having multiple providers" – (Evidence, December 4, 2007).

Broadband for Rural and Northern Development, BRAND, pilot project.” (*Evidence*, May 10, 2007)

Alain Duhaime, President of Sogetel, a small rural-based telecommunications provider, explained that the BRAND program, which primarily subsidizes equipment purchases and not operating costs, does not go far enough to help communities gain and retain broadband access:

As you know, the program subsidizes only equipment purchase. Wireless technology, which is less costly to install than a wired network, is what most communities receiving assistance under the program select. However, it is impossible to reach all potential clients with wireless technology. You are of course aware that mountains and forests are often insurmountable obstacles to a wireless network. The distance between the emitting station and the client is also a limiting factor. Thus, there are still many families and companies who are not receiving broadband Internet. Even in regions where the program has been subsidized and applied, there are still people who cannot receive high speed Internet. With regard to operating costs, the program subsidized equipment purchase, but recurring expenses, such as electricity, labour and municipal taxes, are not subsidized. The only subsidy, which is for equipment purchase, will not be sufficient in the long-term to ensure the service survives. Those who have received subsidies are serving regions which were not profitable for the cable companies, telephone companies, or those providing service under the program.

– *Evidence*, May 18, 2007

Keith Robichaud, Chief Administrative Officer, Annapolis County, told the committee how, through partnerships and with support from regional development agencies, rural communities can work together to leverage and expand broadband connections in the region:

We are still trying to exploit the potential of this fibre backbone. In Kings County and West Hants, a community fibre network build is under consideration. We hope that in the Annapolis Valley, between the two, we may have something that will be significant in terms of allowing us to also leverage the backbone to put out a request for proposals from private-sector companies that might be interested in wireless high-speed Internet service delivery to people who are not currently serviced. Those are some of the things going on there.

– *Evidence*, February 22, 2007

(c) The Way Forward

Bruno Jean, Research Chair in Canadian Rural Development, Université du Québec à Rimouski, told the committee that high-speed Internet has become so essential that it is now a matter of national equity and citizenship. It is no longer acceptable to have access be determined by where you live. Over the years, there has been virtually unanimous agreement among government-mandated councils, panels and review boards¹²⁸ that the public sector has a vital role to play in intervening when market forces are unable to provide access to communication services.

Text box 6-4

The Rural Digital Gap: Other Factors

Household income levels are a significant factor in determining whether a citizen has access to a computer. A Statistics Canada article entitled, “Factors Associated with Internet Use: Does Rurality Matter?” (2007) found that computer ownership and connectivity were less likely for lower-income individuals, but also that rural individuals in every income class were less likely to be connected or even to own computers than their urban counterparts. The relatively higher cost of connecting to high-speed Internet in rural and remote regions is a dominant factor in this rural-urban difference.

Factors closely linked to income, such as education attainment levels, were also important in determining Internet use. Most findings indicate that higher levels of education are associated with greater Internet use, even when controlling for other factors. As in the case of income levels, however, rural citizens are less likely to be connected to the Internet than their urban counterparts, regardless of education level.

At present, a person’s age is an important determinant in whether he or she is digitally connected. Overall, older individuals who did not grow up in a digital age do not use the Internet or other ICTs as much as younger ones. Rural Canadians are proportionally older than urban Canadians, which points to another reason why there is less use in rural regions. (Age will not remain a factor, however, as all computer users grow older.)

Source: Larry McKeown, Statistics Canada, and Anthony Noce and Peter Czerny, Industry Canada, “Factors Associated with Internet Use: Does Rurality Matter?” *Rural and Small Town Canada Analysis Bulletin* 2007, available at:

<http://www150.statcan.gc.ca/english/finance/01/006>

The committee agrees. As discussed in later chapters, access to high-speed Internet is the cornerstone for access to telehealth, distance education, business opportunities, and even government forms, as Dianne Olchowski, Chief Executive Officer of the Community Futures in Sagehill, reminded us:

We are told to download the (government) form from the Internet, but that assumes that people have a computer and that they have access to the Internet. If you have ever tried to download a colourful form that includes many department

¹²⁸ The Information Highway Advisory Council and the resulting Connecting Canadians Agenda, the 2000 National Broadband Review and the 2006 Telecommunication Policy Review Panel.

logos and wordmarks by using dial-up access, you will know it would be less painful to drive the hour to pick up the form in person.

– *Evidence*, March 8, 2007

The committee believes that universal access to high-speed Internet should be a national priority and that the federal government can play a larger role in helping to fund and promote broadband infrastructure initiatives.

RECOMMENDATION 6-2: The committee recommends that the federal government set targets for achieving rural broadband connections and commit long-term funding to meet these targets and further, that the Canadian Radio-television and Telecommunications Commission (CRTC) be directed by cabinet to impose a regulatory obligation on all suppliers, as a condition of license, to provide a minimum of high speed Internet services to rural communities. The funding should help cover the cost of broadband infrastructure and ongoing operating expenditures.

(d) The Special Case of the Community Access Program

The federal government's longest-running program to help rural communities access the Internet is the Community Access Program (CAP). Delivered in partnership with the provinces, territories and the private sector, CAP provides Canadians with affordable public access to high-speed Internet services by using existing public infrastructure such as schools, libraries and community centres as access points. When CAP was first introduced in 1994, it was aimed exclusively at communities with a population of fewer than 50,000 people; after 1999, the program was extended to larger communities.¹²⁹ In many cases, the CAP access point is the only high-speed connection available in a community; in others, it is the only *affordable* connection, especially for low-income individuals in rural areas who may not be able to buy a computer or do not have the educational background that predisposes them to computer and Internet use (see Text Box 6-4).

CAP was widely endorsed by witnesses. Jeanette MacAulay, Deputy Minister of Social Services and Seniors for the Government of Prince Edward Island, described it as an essential part of any comprehensive economic plan for rural Canada. Other witnesses

¹²⁹ Lalita Acharya, *The Digital Divide*, PRB, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 2002.

felt that CAP funding was precarious, and there seemed to be a constant anxiety that the federal government would terminate the program. Dianne Olchowski told the committee, that “we try to utilize a program called the Community Access Program, CAP. It is a federal program to at least be able to put locations in communities, so that people do have access. That program is struggling. It is underfunded and always on the chopping block. That is an issue for us.” (*Evidence*, March 8, 2007)

Marie Logan, of the 4-H Club, shared Ms. Olchowski’s concerns about the future of the CAP program, but argued that if the federal government were to end CAP, it should be replaced by an expanded program that provides funding for continuous technology upgrades:

I was on that committee, which brought the Internet into all the libraries in Alberta. It paid the set-up fees and was continually added to. I believe we are on CAP 5. However, I believe the federal government is planning to end that program. I wrote a letter on behalf of the library trustees in the province saying that it was a great program and that if they were going to end it, perhaps they could look at a program that allows continual evergreening. Once you start with technology, there are always upgrades needed.

– *Evidence*, May 8, 2007

The committee agrees that programs like CAP are essential in providing high-speed Internet and computer access to rural and remote communities, particularly for low-income individuals, who are often overlooked in the digital age. It is an important bridging program until affordable high-speed Internet services are universally available.

RECOMMENDATION 6-3: The committee recommends that the federal government provide long-term, stable funding to the Community Access Program and expand the program to include funding for continuous technology upgrades.

Rural Transportation: Working Together

If one does not get around, then one is not normal in rural areas. One does not have a normal life if one cannot get around. It is essential to be able to get around for accessing all the normal things in life.

– Anthony Fuller, Professor, School of Environmental Design and Rural Development, University of Guelph (testifying as an individual),
Evidence, October 31, 2006

For someone who lives in rural Saskatchewan, driving an hour is nothing. My husband and I will go into Saskatoon, which is an hour down the road, to have dinner with friends. That has become our way of life. I believe that younger people, as they come home, are even more willing to get in the car.

– Dianne Olchowski, Chief Executive Officer, Community Futures, Sagehill,
Evidence, March 8, 2007

Even if their infrastructure needs are fully satisfied, even if the roads are new and high-speed Internet is readily available, rural citizens must overcome another hurdle if they want to participate fully in the economic and social lives of their communities and their country: they have to get around. For most rural Canadians, “getting around” means having access or owning at least one vehicle and sometimes two or three – an expensive proposition at the best of times but even more so in rural Canada, where travel costs (for fuel and repairs) tend to be higher than in urban parts of the country. For low-income individuals in rural Canada, owning a vehicle means saving and making do, as Claudia Parks, a rural resident living on social assistance in New Brunswick, explained:

What I did was I saved a few bucks every month starting when I came home in February and by June I had enough saved up to buy the car. Believe me I did not pay \$5,000 for it; I paid \$500 for it. Then I thought, okay, my plan was to save again. I had to save money to get it licensed, I had to save money to get the insurance, get it fixed up, get it repaired, and gradually by the time Christmas came around the van was on the road, and it is still on the road. It is a 1988 Dodge Caravan and I have a very good mechanic who has allowed me to make any major repairs and give him just a few dollars to pay for it. People are very kind. It is still on the road.

– *Evidence*, February 21, 2007

Those who lack money to buy an old used car must rely on others to see the doctor, visit friends, or even buy groceries, as Judi Baril, Executive Director of the United Way of Leeds and Grenville, explained:

Seniors living in rural areas are more likely to have limited access to transportation. Seniors whose mobility was limited, and particularly those who do not have access either to a household vehicle or public transportation in any form, are less likely to leave their homes for social experiences or to volunteer. Many seniors told us that the lack of transportation clearly affected their lives in many respects. For example, many found it difficult to get to medical appointments, to visit family and friends, to participate in social activities and so on.

– *Evidence*, March 30, 2007

As Ms. Baril's comments suggest, the transportation problem in rural Canada is especially acute for the elderly. Irene Larkin, Executive Director, PEI Senior Citizens' Federation Inc., was even starker in describing how important mobility is for rural seniors and the consequences of having no alternative means of transport:

This lack of transportation has a deep impact on the quality of life for seniors. If you live in the country, your only means of mobility is the car. Seniors refer to their car as their symbol of independence. We have heard many say, "If I could not drive my car, I might as well be dead." This translates into seniors driving long after they are comfortable on narrow roads, often with poor driving conditions and increasing traffic. They drive long after they should because they have no choice.

– *Evidence*, February 20, 2007

A survey of rural seniors in Atlantic Canada, for example, found that in 1990, fully one-quarter of all seniors did not own or have access to a vehicle¹³⁰. A 2004 national survey¹³¹ reported that more than 55% of respondents "rated the transportation options in their community as poor or very poor; and less than one-quarter rated the options as good or excellent."¹³² The trend towards regionalizing public goods and services such as health, education and social services only exacerbates these problems. As David Chernushenko told the committee: "There is the aspect of travel time, and, if people are in a situation of poverty, they will likely not have cars to travel to avail themselves of those services." Ed MacLaren, President of the Hospice Palliative Care Association of Prince Edward Island, shared with the committee a real world example of the formidable obstacles the rural poor, and especially those who are ill, face in accessing these basic services:

If you cannot drive due to a terminal illness or you do not have access to an automobile, it can be very difficult to obtain the help and assistance offered at a hospital or clinic or even to reach a pharmacy or see your doctor as often as required. There are no buses running out in the country, and taxis are almost non-existent. If they exist, the cost is beyond what the person can afford. A taxi from Montague to Charlottetown costs \$80 to \$100 for a return trip. If you are

¹³⁰ Corbett, Ron 1990. *Coming of age, a profile of the Elderly in Atlantic Canada*, Sackville: Mount Allison University, Rural and Small Town Research and studies Programme.

¹³¹ Bonnie Dobbs et al., *Caring Contexts of Rural Seniors*, Phase II Technical Report, University of Alberta, Edmonton, 2004.

¹³² Ausra Burns, David Bruce and Amanda Martin, "Rural Poverty Discussion Paper," Canadian Rural Partnership Research and Analysis, 2007, available at : http://www.rural.gc.ca/researchreports/pov/poverty-pauvrete_e.phtml

receiving daily chemo treatments you cannot get there by taxi. Transportation issues affect all rural people here on P.E.I. There are few alternatives to the family vehicle.”

– *Evidence*, February 20, 2007

In an urban context, the solution to the transportation dilemma would be obvious – urban citizens could take a bus, a streetcar or the subway to get where they need to go. In many cases, they could even walk or bike to their destinations. In most rural communities, these are not viable options.

Despite this relatively bleak scenario, the committee witnessed first hand some innovative efforts by rural communities and the rural volunteer sector to provide transportation services. At its hearings in Annapolis Royal, Nova Scotia, for example, the committee was told how the four municipalities of Kings County cooperated to fund, implement and manage a regional public transit service that helps people get to work every day at local factories and shops. In 2001, they partnered with neighbouring Annapolis County to expand public transportation services even further in the region. At the committee’s hearings in Maniwaki, Quebec, Dorothy St-Marseille, Coordinator of L’Équipe des bénévoles de la Haute-Gatineau, explained how her organization (founded in 1983, and funded through the Agence de santé et des services sociaux de l’Outaouais) provides volunteer transportation services to rural citizens who need to access medical services in urban centres such as Ottawa or Montréal. As Ms. St-Marseille explained, the organization’s mission is “to help senior citizens and financially-disadvantaged people to go to their medical appointments, whether in clinics or hospitals. Our service is only offered to people aged 55 and over, as well as to people on income security and welfare.” (*Evidence*, June 8, 2007)

Groups such as L’Équipe des bénévoles de la Haute-Gatineau are often the only means by which elderly, disabled or low-income individuals can get to essential services. The volunteers therefore see first hand how important transportation is to the well-being of these people, as Ms. St-Marseille explained:

We see the problems that poverty creates in our region. We live away from the major centres, and many have no longer the money to buy an automobile. In most cases, their children have left the area to go study or find work. These people therefore live alone and do not have means of transportation. In order to take care

of our seniors' well-being, we have to provide them with a transportation service especially when their health is at issue, given that health specialists practice in major centres. Many go to Gatineau or Ottawa for chemo therapy, dialysis and day surgery, and often to Montreal for orthopaedics...organizations such as ours are meant to help people have a certain quality of life, live in their own region and have enough to be comfortable. I want to say how important our community groups are in the region, because they care for the well-being of an increasingly aging and poor population.

– *Evidence*, June 8, 2007

This kind of community-based transportation service is quite common in rural Canada. It is built upon a culture of neighbour helping neighbour, as Dr. Fuller explained:

If you have lived or participated in a rural area for any length of time, you will know that you can get a ride to church on a Sunday. Most people will pick you up and take you to church. Many services are delivered to you, as well, like Meals on Wheels, which is transportation. The Red Cross takes cancer patients, for a fee, to cancer treatment centres in London, if it is in my area, or they take stroke patients to the swimming pools.

– *Evidence*, October 31, 2006

Unfortunately, Dr. Fuller told the committee that regulatory and other restrictions often limit the extent to which these informal (neighbour-to-neighbour) and more formal (volunteer) services can be used to address rural transportation needs. To begin with, Dr. Fuller said that many rural groups that provide transportation services “are struggling, they are always going under and they are having a terrible time keeping their vehicles on the road or serviced or safe.” Moreover, most volunteer-based transportation service groups work within a set mandate that restricts their ability to fill empty vehicles with people who may need a ride, as Dr. Fuller went on to explain:

They are not allowed, even though they may have an empty van or car with only one person in it, to pick someone else up and drop them off. To get to work when your car is in the garage or when you cannot afford to put gas in it, or just had to let the insurance lapse, becomes a major problem for some rural citizens. I could say there are a whole variety of vehicles running around out there with people in them, going to valid, useful services, but they are not allowed to pick up other people...The point is that you almost have to have something wrong with you before you get a ride.

– *Evidence*, October 31, 2006

Sometimes, these organizations are also prevented from expanding their services by their insurance policies or competition considerations, as Ms. St-Marseille explained: “The transportation service has to be reserved 24 hours ahead of time. If we get a telephone call for a ride on the same day, we cannot do that, so as not to compete with taxis.” (*Evidence*, June 8 2007)

The committee believes that governments could play a more active role in helping rural communities and rural volunteer groups overcome these and other hurdles. It is simply not a good use of resources to have vans traveling unfilled through communities when so many rural citizens need a ride. The proposed Department of Rural Affairs could study the regulatory, policy and other barriers to coordinating a network of existing transportation services (including school buses). The study could also include funding to implement a pilot program.

RECOMMENDATION 6-4: The committee recommends that the federal government commit to 50-50 capital funding for new rural transportation infrastructure. The federal government should also study how to coordinate existing rural transportation services into a flexible network in which they would complement each other and provide extra transportation services to rural citizens.

The successful Kings County example underscores the importance of communities working together to provide regional transportation services. Some provinces are better equipped to facilitate this kind of regional effort than others. Quebec for example is often cited as a leader in terms of regional organization. It has 86 largely rural areas known as “municipalités régionales de comté” (MRCs) plus Quebec City, 14 other urban centres and three territories. Each MRC is responsible for a range of long-term strategic issues, including transportation, as well as broad economic development and ecological concerns.¹³³ The Government of British Columbia, another province that has a strong

¹³³ These include: (1) managing land-use planning by developing a land-use framework and revising it after five years; (2) establishing a waste matter management plan, a risk coverage framework (for fires) and the civil security framework (for law enforcement); (3) ensuring that the land-use framework is implemented; (4) drawing up and administering urban-planning bylaws for unincorporated territory; (5) ensuring that water courses function properly, in particular those that have been developed for purposes of agricultural drainage; (6) preparing property evaluation roles for local municipalities; (7) selling buildings I forget something about property taxes; (8) designating or setting up a little development center to support regional enterprises, and ensure that this body is funded.. For details, see Affaires municipales et Régions Québec, “La municipalité régionale de comté (MRC),” available [in French only at: http://www.mamr.gouv.qc.ca/amenagement/outils/amen_outi_acte_mrc.asp#resp].

regional governance system, has divided the province into 28 “regional districts” that serve three broad functions.

- First, regional districts provide regional governance and services to the region as a whole. In terms of governance, the regional districts provide a forum for advancing region-wide interests (tourism marketing, for example) and a political sounding board for regional issues. In terms of services, the regional district is often likened to a wholesaler while the municipal government is described as a retailer. For example, the regional district looks after water reservoirs and treatment facilities while municipal governments assume responsibility for water delivery. Similar relationships can be found in sewage disposal, solid waste management, and economic development services.
- Second, regional districts provide a political and administrative framework that can greatly ease the process of creating inter-municipal partnerships for providing services such as recreation centres, fire protection, or parks.
- Third, regional districts are responsible for providing municipal-type services (community planning, land-use regulations, building regulations and inspections, nuisance regulation, street lighting, house numbering, and so on) to areas in the region that have no municipal government (unorganized areas).

As the Quebec and British Columbia examples suggest, there are many possible ways of structuring regional governments to facilitate providing regional services such as transportation. The committee recognizes that this is largely a provincial matter, but the federal government could play an important role in funding research into “best practices” relating to regionalization and governance in Canada and abroad. To further assist in these regionalization efforts, the federal government could also fund studies that visually and empirically map the way residents “get around” across a region, i.e., how they get around for the purposes of work, shopping, leisure and accessing health, education, and other services. In many cases, this mapping process will involve analyzing the way and extent to which rural residents interact with more urban destinations, as the example of L’Équipe des bénévoles de la Haute-Gatineau demonstrates. Text Box 5-5 discusses some work already being done to map these kind of rural-urban transportation linkages.

Text Box 6-5: MAPPING RURAL TRANSPORTATION

The need to build better relationships at the regional level and along rural-urban lines has been recognized by a number of rural researchers and organizations. In 2004, the Canadian Rural Revitalization Foundation (CRRF) for example coined the term “rural-urban footprint” (patterned on the idea of an “environmental footprint”) to describe the linkages between urban and rural areas in a larger geographic area. The CRRF subsequently built an alliance with the Federation of Canadian Municipalities (FCM) to assemble a research team that would carry out a three-pronged research and engagement project, namely: (a) delineate and, where possible map (using GIS), the range of linkages between urban and adjacent rural communities; (b) delineate and assess the existing governance mechanisms developed to manage these relations, and identify gaps; and (c) collaborate with the membership of the FCM to identify opportunities to transfer best practices, pilot new approaches and communicate lessons learned to inform policy and programs for all three orders of government.

With funding from Infrastructure Canada, the CRRF and FCM were able to support some initial work along these lines, most notably a project called “Mapping the Rural-Urban Interface: Partnerships for Sustainable Infrastructure Development” led by Dr. Mark Partridge, formerly of the University of Saskatchewan and one of the early witnesses in the Committee’s study. The goal of the project is to build maps that illustrate the place of residence and place of work for every census metropolitan area and census agglomeration (CA) in Canada and then use those maps to help cities and regions plan their infrastructure needs. As the Committee heard from his presentation in the fall of 2006, early work by Dr. Partridge and his colleagues shows, for example, that urban areas – especially Montreal and Toronto – exert an “economic footprint far outside their borders.” However, even metropolitan areas as small as 55,000 people “can have a tangible impact over a region as large as 8,000 square kms, while a metropolitan area of 2.0 million would have tangible labour market linkages over 70,000 square km region.” As Dr. Partridge and his colleagues go on to note, “Clearly, this magnitude of spillovers indicates the need for considering urban proximity in rural planning and economic development. Similarly, planning for urban development would clearly benefit from acknowledging the magnitude of the rural labour market that is integrated with urban economy and the underlying forces driving this interdependence.”

Following the launch of this mapping project, the CRRF partnered with the Newfoundland and Labrador Federation of Municipalities (NLFM), Dr. Alvin Simms (GIS Sciences Lab, Department of Geography, Memorial University of Newfoundland), Dr. David Freshwater (Rural Studies, University of Kentucky) and Dr. Robert Greenwood (Harris Centre, Memorial University) to obtain \$135 million from a Canada/Newfoundland and Labrador Labour Market Development Agreement for a 30-month study that would apply Dr. Partridge’s work in the context of Newfoundland and Labrador and expand it to include analysis of the provision of “health care, education and other government services within the context of regional viability and the impact of changing demographics on rural communities.” The Newfoundland study will also consider the “viability of the delineated economic or functional regions in terms of labour supply, demographics and internal shifting of the population and work force that may occur because of the restructuring of rural economies.” With this mapping research, the CRRF and its partners hope to help the provincial government and rural communities “determine the viability” of the existing regional structures (or lack thereof) and help community leaders “understand the benefits of collaboration within the region” while identifying “projects that are suitable for collaboration.”

Sources:

1. Proposal to Labour Market Development Agreement, “Understanding and Managing Rural-Urban Interaction in Newfoundland and Labrador: Implications for Economic Sustainability, Labour Market Development and Local Governance,” Draft Proposal, October 12, 2006.
2. Kamar Ali, Rose Olfert and Mark Partridge, “Urban Footprints in Rural Canada: Employment Spillovers by City Size,” Canada Rural-Economy Research Lab (C-REL), available at: <http://www.crerl.usask.ca/infra.php>.

RECOMMENDATION 6-5: The committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research into regionalization and governance best practices in Canada and abroad. To further assist in these efforts, the committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research that would map actual transportation use in rural regions of the country.

The Centrality Of Transportation In Remote Rural Areas

As the committee learned in its travels, the plight of rural residents in Canada's remote northern areas, and especially the three northern territories, often differs dramatically from other rural areas of the country. Remoteness implies great distance from urban markets. This distance in turn results in high transportation costs which leads to dramatically higher costs for basic necessities such as housing, food, and heating. According to data from the Economic Research Institute for example, the cost of a bundle of goods – housing/utilities, food, consumables, health services, and transportation – was 26% higher in Whitehorse and Yellowknife than the average cost for Canada as a whole in 2006.¹³⁴ Cost figures for Nunavut and other communities in the territories are not readily available but based on testimony from our witnesses, the cost differential is probably at least as great. Carole-Ann Scott, director of the Iqaluit, Nunavut Project for the Salvation Army and Director of the Homeless Shelter, told the committee for example that “The cost of living is untenably high in Nunavut. If we move into speaking of class, the middle class people in Nunavut have difficulty surviving here, so never mind those of the lower income groups, those on unemployment or income support.” (*Evidence*, February 21, 2008)

Jill Christensen, Manager of Integrated Services at the Yellowknife Health and Social Services Authority, explained that food in the North is extremely expensive, especially in smaller communities outside of the three main centres (Whitehorse, Yellowknife and Iqaluit): “In the smaller communities reliant on food being brought in by air, the costs rise even more. Transportation costs drive the price of market food. In addition to costs, there are many food security issues including availability and quality of fresh food and transportation. Food security is recognized as one of the top three public health issues in the North.” (*Evidence*, February 19, 2008)

¹³⁴ Economic Research Institute, *The Geographic Reference Report 2006*.

David Krutko, the member for the rural riding of Mackenzie Delta in the Legislative Assembly of the Northwest Territories, gave the committee some concrete examples of the costs of generating electricity and buying food in the North:

Yellowknife, Hay River, Fort Smith basically are on a rate which is roughly about 15 cents, but to generate power in isolated communities as you can see for the second community on the list, Colville Lake, which is a community with about 100 people, it costs \$2.45 a kilowatt to generate power. If you are paying a power bill based on that kilowatt, it is very expensive. The groups that we hear most from on this issue are the co-ops, the northern stores who go in there and provide grocery services in those communities. Yet, the cost to recoup their costs is passed on to the consumers or the residents of those communities. For example, for two litres of milk in Tulita, it costs almost \$4.66. If you look at Norman Wells, a gallon of ice cream is \$10.15.

– *Evidence*, February 19, 2008

In his testimony, Ed Picco, Minister of Education for the Government of Nunavut, urged the federal government to increase the northern residents deduction, a tax exemption implemented in 1987 to help compensate for the higher cost of living in Canada's remote northern regions and increase the incentives for professionals and skilled workers to settle in these areas:¹³⁵

We are only talking about 100,000 Northerners in the three territories. Yet, nothing has happened. Just that simple move of being able to increase that tax deduction from \$5,400 and moving it to \$7,000 or \$8,000, or at least indexing it over the last 20 years, would be a major boost to Northerners' income because it would mean more disposable income in everyone's pocket when we file for federal income tax. If there is something that this committee could do right away, then that would be something I think would benefit all Nunavut residents who file income tax.

– *Evidence*, February 21, 2008

Subsequent to the committee's travels to the three northern territories, the federal government released Budget 2008 in which it increased the northern residents' deduction (NRD) by 10%, to a maximum of \$6022.50 a year, the first such increase since the deduction was introduced in the late 1980s. Prior to Budget 2008, the NRD provided a residency deduction of up to \$15 a day (depending on whether the person resides in the

¹³⁵ Specifically, the northern residents deduction applies to all persons living in the three territories, Labrador, and the northernmost regions of Ontario, Québec and the Western provinces. People residing in the Maritimes and Newfoundland (the island) are not eligible for the deduction because they are not considered sufficiently remote.

Northern Zone or the Intermediate Zone) worth up to \$5,475 annually, a deduction for up to two employer-provided vacation trips per year, and a deduction for unlimited employer-provided medical travel.¹³⁶ According to projections by the Department of Finance before Budget 2008, the NRD cost the federal government \$135 million in forgone tax revenue or “tax expenditures” in 2007, all other things being equal. Budget 2008’s proposed increase in the NRD is expected to cost the federal government an additional \$10 million a year in forgone tax revenue.¹³⁷

While the committee applauds the government’s decision to increase the NRD, it feels that the deduction should be more sensitive to the pressing need for skilled labour in the territories and other remote parts of the country as well as the sharply escalating prices of accommodation, food and energy caused by the current economic boom associated with the mining sector in these areas. Therefore,

RECOMMENDATION 6-6: The committee recommends that the federal government periodically increase the Northern Residents Deduction to reflect increases in the cost of living in Canada’s North.

Rural Harbour Infrastructure

Harbours are integral to the economic, cultural and social well being of countless rural and remote coastal and inland communities. Small craft harbours serve as the basis for local commercial fishery operations and are essential for the transportation of goods and people, especially in remote communities. They offer a safe refuge for mariners and prevent coastal erosion and damage and provide both indirect and direct marine business and recreational opportunities for local residents and others. More recently, rural communities have used harbours to develop local tourism industries.¹³⁸

¹³⁶ Technically, the residency deduction was calculated as the lesser of either (a) 20% of the taxpayer’s income, or (b) \$15 multiplied by the number of days the taxpayer lived in one of the designated zones, with a minimum residency of six months. Any taxpayer with an annual income of at least \$27,375 and who lived the full year in the Northern Zone benefited from the \$5,475 maximum deduction. The maximum deduction for Intermediate Zone residents was one-half that amount, i.e., \$2,737.50.

¹³⁷ *Budget 2008*, Table 4-1, p. 173.

¹³⁸ Praxis Research and Consulting, “Between The Land and The Sea: The Social and Economic Importance of Wharves and Harbours in Nova Scotia,” prepared for the Coastal Communities Network, January 2004.

The department of Fisheries and Oceans (DFO), through its Small Craft Harbour (SCH) Branch, operates and maintains a national system of marine and inland harbours. The SCH was established in 1973-74 with a mandate to support both the commercial fishing and recreational boating industries. In recent years however, “the program’s mandate, as a result of insufficient funds, has been reduced to supporting only the commercial fishing industry.”¹³⁹ Currently, the SCH is responsible for 987 fishing harbours and 183 recreational harbours nearly all located in remote and rural areas. According to DFO, these harbours house nearly 6,000 structures valued at over \$3 billion dollars.

The SCH is responsible for the repair and replacement of these harbours. In 1987, SCH introduced the Harbour Authority (HA) Program which began a process of devolution of the management of federally owned harbours. Under the Program, ownership of the harbours is maintained by the federal government while harbour assets are leased to non profit Harbour Authorities run by local community volunteers. The purpose of the Program is to transfer authority concerning the harbour to the local community in recognition that “(l)ocal management is an efficient way of offering services, strengthening public and private investment, and providing opportunities for communities to participate fully in the planning, operations and maintenance of harbour facilities.”¹⁴⁰

Ishbel Munro is executive director of the Coastal Communities Network. In 2004, it released a study called *Between the Land and the Sea*¹⁴¹ which examined the social and economic importance of harbours. Its findings challenge the optimistic scenario painted by the HA Program:

One challenge we face is marine infrastructure and it is basically the way we go to work. Without that marine infrastructure, we cannot go to work. Government policies changed and created something called harbour authorities so that local communities now manage their wharves. I like to equate the situation to one of asking people on Highway 401 in Toronto, between Jane Street and Keele Street,

¹³⁹ Department of Fisheries and Oceans Canada and Nunavut’s Department of Community Development and Transportation, “Nunavut Small Craft Harbours Report,” 2006, p. 5.

¹⁴⁰ Department of Fisheries and Oceans, Small Craft Harbours, available at http://www.dfo-mpo.gc.ca/sch/HA-AP_e.asp

¹⁴¹ Praxis Research and Consulting, *op cit.*

to manage their own highway and cover the cost of the lights, the snow removal and upgrading, as well as build five-year business plans of how to sustain the highway because that is how they go to work. We go to work through our wharves.

– *Evidence*, February 15, 2007

Ishbel Munro provided an example of how a community struggled and worked together in attempt to retain its wharf that was later damaged by a storm:

What you have here are groups of non-profits, for example, this picture shows Harbourville, a wharf that fell through the cracks. It was owned by the Department of Transportation, was transferred to the province and somehow no one claims it now. It is in the Minas Basin area. Not many wharves are in that area, so the fishermen do not have another area to which they can move. This wharf is organized and run by a community organization that also runs the community hall. The group raised a lot of funds to upgrade the wharf, and worked with the First Nations community very well. They were able to obtain dollars to build sections of their wharves. Then in another section that the government did not repair, a storm came in and now they cannot reach the part that has been built. They even did things like organize dinners to raise \$30,000 to cover the GST cost of the construction that was done on the wharf. This is a huge community effort to keep their economy going.

– *Evidence*, February 15, 2007

Some observers argued that lack of funding has changed the nature of the HA Program over time: “In 1987, SCH introduced the Harbour Authority (HA) Program to involve fisherman directly in harbour management. It is now being used as a method to address insufficient federal funding resources” by increasing private sector involvement and reducing the inventory of operational harbours.¹⁴² They point to the federal government’s divesture (disposal) of recreational harbours and low-activity and derelict fishing harbours which began in the mid 1990s. According the SCH, if there is insufficient capacity or interest at the local level then these harbours are demolished. So far, there have been 662 recreational harbours and 308 fishing harbours that have been divested.

In the conclusion to *Between the Land and the Sea*, the Coastal Communities Network states: “The clear evidence of substandard performance of harbours at the national level indicates that SCH is not succeeding in fulfilling its responsibility

¹⁴² *Ibid*, p. 4

regarding harbour maintenance and operations, and other internal SCH documents refer to that low performance as ‘alarming’.”¹⁴³ In the 2008 Budget, the federal government announced that it was devoting \$10 million over the next two years to fund the disposal of federal recreational and non-core fishing harbours. The committee is concerned that many rural communities do not have sufficient resources or capacity to operate their harbours and thus many rural harbour infrastructures may end up demolished. Often these harbours are the only federal presence in small coastal and inland communities, providing “the most direct and visible link between communities and the federal government.”¹⁴⁴

Nowhere is this more the case than in Canada’s remote and northern regions where Arctic sovereignty and marine safety is a primary concern. The committee heard passionate testimony from Elisapee Sheutiapik, the Mayor of Iqaluit, Nunavut, for federal assistance to build a deep sea port in Iqaluit. Although this is not the same thing as a small craft harbour, many of the same concerns arise:

We had a fatal accident last year, heavy equipment doing its thing on the ship. It backed up too far, went in the water, and there was a fatal accident. So for me, safety has become another issue because as our population grows and the need for dry cargo increases, safety becomes an issue. Cruise ships: 25 cruise ships sail by, and I am saying bye to the money because we have talented arts and crafts people in our territory. We are very visual and hands-on and I think that produces lots of talent. I know this summer alone we had four or five ships docked at a time. But I also know, in talking to Northern Quebec Makivik Corporation and Happy Valley Goose Bay, that they could be directing a lot of cruise ships here. But, not having a docking facility, a lot of them just go back.

– *Evidence*, February 21, 2008

The committee was encouraged that the federal 2008 Budget included funding for the construction of a commercial small craft harbour in Pangnirtung, Nunavut. The Budget document justified this initiative by noting that it “...will also enable the community to further develop its economic potential, encourage the development of tourism in the region and create local employment.” The committee could not agree more. It believes that the same opportunities should be available throughout rural Canada.

¹⁴³ *Ibid*, p. 15

¹⁴⁴ Department of Fisheries and Oceans, “Program Overview: Small Craft Harbours,” available at http://www.dfo-mpo.gc.ca/sch/HA-AP_e.asp

RECOMMENDATION 6-7: The committee recommends that the federal government, through the Department of Fisheries and Ocean's Small Craft Harbours Branch, increase capital funding for small craft harbours and its support of Harbour Authorities in rural and remote communities.

Conclusion

It is difficult to exaggerate the cultural and economic importance of ensuring that rural Canada's infrastructure needs are met. Safe drinking water, sewage treatment, safe roads, harbours and transportation and communications linkages are all prerequisites for healthy levels of business and economic activity. They are also, not coincidentally, prerequisites for healthy human beings.

It is easy to forget that much of Canada's rural population is there because previous governments built the infrastructure that encouraged people to settle Canada's hinterland. In so doing, the government made an implicit promise that rural residents were full Canadian citizens deserving of the same basic economic rights to adequate infrastructure as urbanites. As Dr. Halseth suggested, policy often leads where we want to go – a point forgotten by those who suggest focusing on urban Canada and abandoning rural Canada to its fate, as if the forces of economics and population settlement were somehow detached from the broader policy framework.¹⁴⁵ The federal government should make explicit its promise to rural Canada. A good place to start is with the infrastructure, communications and transportation recommendations set out here.

¹⁴⁵ To take an example close to home: Ottawa is a booming city instead of a languishing former lumber town not because nature endowed it with unusual advantages (although it has some of these) but because of political decisions taken more than 100 years ago to make it the nation's capital and thereby vest it with much of the country's research and development community.

SECTION III:
RETHINKING SOCIAL POLICY

SECTION III : RETHINKING SOCIAL POLICY

I am, I guess, what you would call one of the statistics. I live in extreme poverty. [...] Just to give you an example, my total yearly income is \$5,970. I am alone. I live in a house that belongs to me through an inheritance. I live in rural New Brunswick. I was ecstatic when I got my T5007 form because there was an error on it. It said I had made \$6,065. Because I try to be optimistic, I called my worker and I said, "Do you owe me \$95?" It would have meant that I would be able to eat something a little bit better this month. [...] In my situation, heating alone takes up 40 per cent of my \$505 a month. I have other bills and responsibilities like car insurance. I do not have house insurance; I cannot afford it. I was kind of hoping to be able to add it on this year, but because the Province of New Brunswick decided to increase our hydro bills again this year, they increased by 8 per cent last year, I just do not have the money available in my budget to insure my home. I have bills like my phone and odds and ends. I have to get deodorant and things like that to at least be presentable. So that takes up probably another 40 per cent of my income. That leaves me about \$100 to buy food.

– Claudia Parks, Member, Common Front for Social Justice in New Brunswick,
Evidence, February 21, 2007

Poverty is a sorrow to us and a disgrace to our entire country. We, the "poor" of today, know how poor we are; hope has given way to anger. It is our many children who are the most deprived victims. For them, there is even less hope in a society that destroys dreams of a better life right from the start.

– Émilienne Basque, Tracadie, New Brunswick,
Evidence, written submission

So far, most of the committee's policy recommendations have been aimed at putting rural Canada back on the policy agenda and at addressing issues of rural economic and demographic decline, the premise being that these are crucial elements of any broad strategy for addressing the committee's other pre-occupying concern, namely rural poverty. In this section of the report, the committee looks at some ideas to address rural poverty more directly in terms of social policy. We do so by exploring six broad policy themes each with its own chapter, namely income-support policies, education measures, housing, crime, immigration, and access to health services.

While each of these themes is accorded its own chapter, it is important to stress that they all interact and overlap – low income is strongly associated with low educational outcomes which in turn is strongly associated with poor health. All are strongly associated with living in rural Canada. As Laurel Gardiner, Northern Co-Chair of the

Manitoba Food Charter told us at our meeting in Steinbech, Manitoba, it is important is to think holistically when trying to address poverty: “You have to put together the ropes of social development programs, the ropes of employment and training, the ropes of church, the ropes of school. You tie those ropes together and that is what gets people out of the pit.” (*Evidence*, March 9, 2007)

CHAPTER 7: ADDRESSING THE INCOME GAP

One of the things that I feel as a person that lives in poverty is that there is absolutely no way off the system. There is no way out of poverty. I have tried, I have tried every which way to get out of the system, and every time there is a small setback. If my toilet breaks, I have to call and ask permission to have it fixed because I do not have the money, and I have to argue with them and give them a reason why I need to have a running toilet in my home. I have to threaten them and say, "Well, there is a health risk if you do not." Sometimes I can be waiting there for three or four days without running water and proper facilities.

– Claudia Parks, Member, Common Front for Social Justice, New Brunswick,
Evidence, February 21, 2007

I experience structural barriers from accessing employment that would benefit me because I have children and I have no one to look after them. I cannot obtain work in the mines because I have no one to spend the two weeks caring for my children on a 24-hour basis. Therefore, I have to search and access employment within Yellowknife or Behchoko. That employment is not enough to support me and my two children. I remain dependent on a relationship for my housing, a situation that is reflected in the lives of many of my peers. I have gone to the grocery stores and witnessed other parents loading the coats of their children with juice boxes and granola bars so that their children can have food when they go to school the next day. We have five- and six-year olds being trained to shoplift so that our Health and Social Services Authority does not apprehend them because of a lack of proper food which would be reported by the schools.

– Mira Hall, Women's Committee and Territorial Representative,
Nationa Anti-Poverty Organization,
Evidence, February 19, 2008

In the committee's hearings with the rural poor, those who work with the rural poor, and academics who study poverty, one consistent theme emerged: Canada's income support policies are a tangle of confusing, often punitive and outdated rules that frequently retard rather than advance the cause of poverty reduction.¹⁴⁶

¹⁴⁶ For a somewhat more optimistic view, see John Richards, *Reducing Poverty: What has Worked, and What Should Come Next*, C.D. Howe Institute Commentary No. 255, October 2007, available at: http://www.cdhowe.org/pdf/commentary_255.pdf. Richards argues that welfare reforms from the early and mid-1990s that encouraged more labour-market participation have proved beneficial. Specifically, policy-makers applied an effective mixture of more paternalistic "tough love" (employment insurance reforms and more stringent welfare rules) and "soft love" measures (the Canada Child Tax Benefit). In his conclusion, Richards argues for more targeted and generous assistance to disabled people, additional educational resources for Aboriginal people, better drug rehabilitation and enforcement policies for the "ghetto" poor, and lower tax rates (eliminating the clawback effect) for the working poor.

The committee heard first-hand evidence to this effect from Claudia Parks, a 59-year-old social assistance recipient from rural New Brunswick and member of the Common Front for Social Justice.

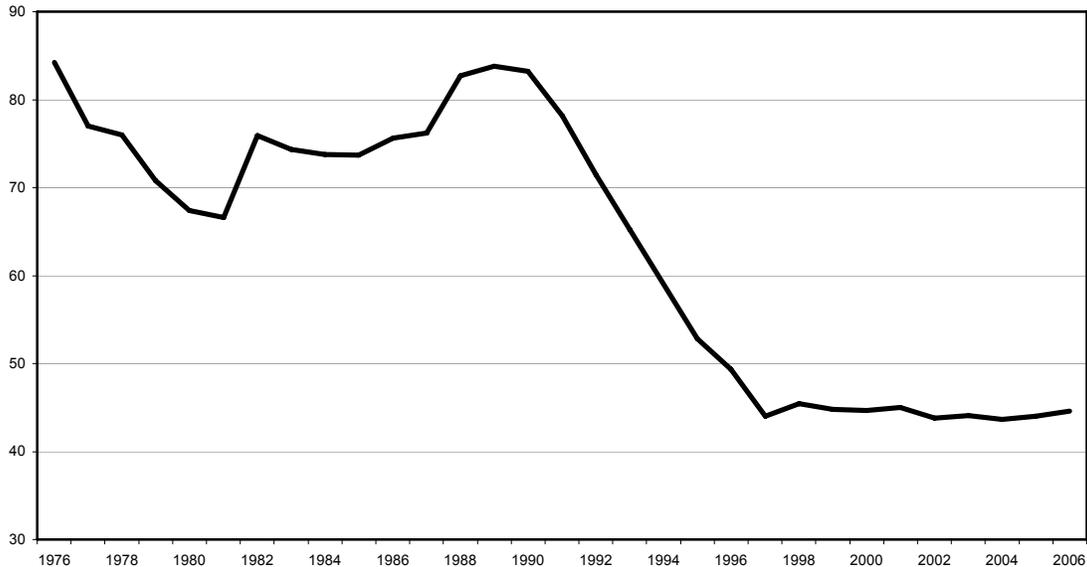
To illustrate the punitive effects of our current social assistance system, Ms. Parks told the committee that as a condition of eligibility for social assistance, she is required to take early Canada Pension Plan (CPP) payments, a move that she says will eventually cost her about \$20 a month in reduced CPP benefits (under CPP, pension benefits are reduced by 0.5 % for every month of CPP taken before age 65),¹⁴⁷ – no small amount for someone whose income is \$500 a month. These kinds of punitive policies are not limited to pension savings. Sherrie Tingley of the National Anti-Poverty Organization (NAPO) told us that they extend to other forms of savings: “Most provinces have moved to asset-stripping a person, which means that they have to be almost on the street before they can qualify for benefit. For example, Ontario lowered the ceiling on assets of single mothers from \$5,000 to about \$1,200. With assets of only \$1,200 and a process that is so complex, people often face eviction from their residences. It is incredible how far someone can fall.” (Evidence, September 28, 2006)

Meanwhile, the Employment Insurance (EI) system is no longer playing the role it once did, in part because eligibility criteria were tightened in the 1990s. Figure 7-1 shows that an average of 49.5% of unemployed individuals received EI benefits during 1992–2006, down from 75% during the growth years of 1983–1989. While some of the decline is undoubtedly due to Canada’s exceptionally strong economic performance since the late 1990s and to an increasing proportion of self-employed individuals,¹⁴⁸ the stricter criteria introduced in the early to mid-1990s are also widely believed to have played an important role in reducing the proportion of unemployed who receive EI benefits.

¹⁴⁷ When contacted, the provincial government confirmed Ms. Parks’ evidence, saying that social assistance recipients are required to access all available resources while on social assistance. Provincial social assistance is then clawed back by the amount received from other sources. While the social assistance recipient is left with the same total amount of income, he or she does suffer in the long run for the reasons cited in the text – CPP benefits after 65 are reduced relative to what they otherwise would have been.

¹⁴⁸ An increase in the proportion of self-employed individuals results in an increase in the denominator of the beneficiary-to-unemployed (B/U). Since self-employed individuals (other than those who may have just been laid off from an insurable job) are ineligible for EI, this effectively lowers the value of the ratio.

Figure 7-1
Employment Insurance Beneficiaries as a Percent of Unemployed



Source: Library of Parliament based on Statistics Canada data from CANSIM Tables 276-0001 and 282-0002.

The historical record suggests that these and other punitive features of income support programs are hardly new. In its landmark 1971 study of poverty in Canada, the Special Senate Committee on Poverty wrote that “the welfare system is increasingly unable to deal with the needs of its clients. It has failed to achieve its humanitarian goals. It deprives its recipients of dignity and provides no incentive or rewards for those who wish to escape from poverty. It has become punitive and demeaning. It is a mess – a social wasteland and an economic morass.”¹⁴⁹

Almost 40 years later, the situation is scarcely better. In its 2006 study of Ontario’s income support system, the Task Force on Modernizing Income Security for Working-Age Adults wrote that: “the income security system for working-age adults in Ontario does not work. Perhaps we should not be surprised by this since there have been no fundamental reforms of the system since the 1960s.”¹⁵⁰

¹⁴⁹ Special Senate Committee on Poverty, *Poverty in Canada*, 1971, p. 169.

¹⁵⁰ Report of the Task Force on Modernizing Income Security for Working-Age Adults, *Time for a Fair Deal*, p. 11, available at: http://www.torontoalliance.ca/MISWAA_Report.pdf.

The Caledon Institute recently echoed these views, writing that Canada’s income security system was “conceived in the 1930s and 1940s and built largely in the 1960s and 1970s” and now requires “a radical rethinking, reconstruction and (because some parts were never built) construction: We need a new ‘architecture’ of social policy for the 21st century.”¹⁵¹ In the same June 2006 working paper, the report’s authors characterize the current welfare system as follows:

Welfare is a complicated, rule-burdened system that is secretive (very little information is made publicly available to clients, researchers or the public), virtually impossible to understand, and often punitive and inconsistent in its treatment of recipients. There are complex rules governing eligibility, definitions of employability, amount and type of benefits, monitoring of clients and reporting requirements. Welfare can present a confusing maze to its clients, obscuring their rights and responsibilities. Welfare recipients are at the mercy of a harried and under-resourced bureaucracy, required to follow and enforce massive volumes of rules.¹⁵²

In his presentation to the committee, Caledon Institute President Ken Battle added that all too often, welfare treats adults “like criminals or children” (*Evidence*, March 8, 2008).

Devising a National Poverty Reduction Strategy

In our estimation, what needs to happen first, and this is not the actual hands-on direct thing, is to lay out a strategy for addressing these things because the strategy must take into account what different groups can do. The federal government can do some things, the provincial governments can do some things, and poverty-reduction strategies are happening at the community level too. With a strategy like that, you can lay out particular steps in a particular budget. It may not get rid of poverty but it is part of an overall plan. There must be a plan that aims to eradicate poverty

– Greg deGroot-Maggetti, Socio-economic Policy Analyst,
Citizens for Public Justice,
Evidence, November 28, 2006

¹⁵¹ Ken Battle, Michael Mendelson and Sherri Torjman, *Towards a new Architecture for Canada’s Adult Benefits*, Caledon Institute of Social Policy, June 2006, p. 1, available at: www.caledoninst.org/Publications/PDF/594ENG.pdf.

¹⁵² *Ibid.*, p. 13.

We need the government to come up with a viable working poverty reduction strategy. This strategy must at least reach the poverty line. This would allow for nutritious food and possibly even a mode of transportation. Proper nutrition and medical care might give children a chance to hope for and see a better future.

– Nancy Shular, Vice-President, Board of Directors,
National Anti-Poverty Organization,
Evidence, September 28, 2006

We believe we need a national anti-poverty strategy. Call it a poverty law like they did in Quebec, call it a process. Regardless of what you call it, we need a process, a strategy with a long-term vision, not only short-term visions, long-term visions with reasonable targets and reasonable time lines, for example, 10 years. In 1989, we heard about eliminating child poverty. We are now in 2007. That is not a reasonable vision. We still have child poverty and greater numbers of children living in poverty now than 1989. We need a plan of action with a budget. Government has to start budgeting how to eliminate poverty or the causes of poverty. We do not see that lately. We have never seen it, and how they coordinate these initiatives across all government agencies, across the partners in order to address these issues. We need greater accountability. We need an accountability structure ensuring consultation with Canadians, with special interest groups, people living in poverty, and a system to evaluate the action plan.

– John Gagnon, Co-chair, Common Front for Social Justice, New Brunswick,
Evidence, February 21, 2007

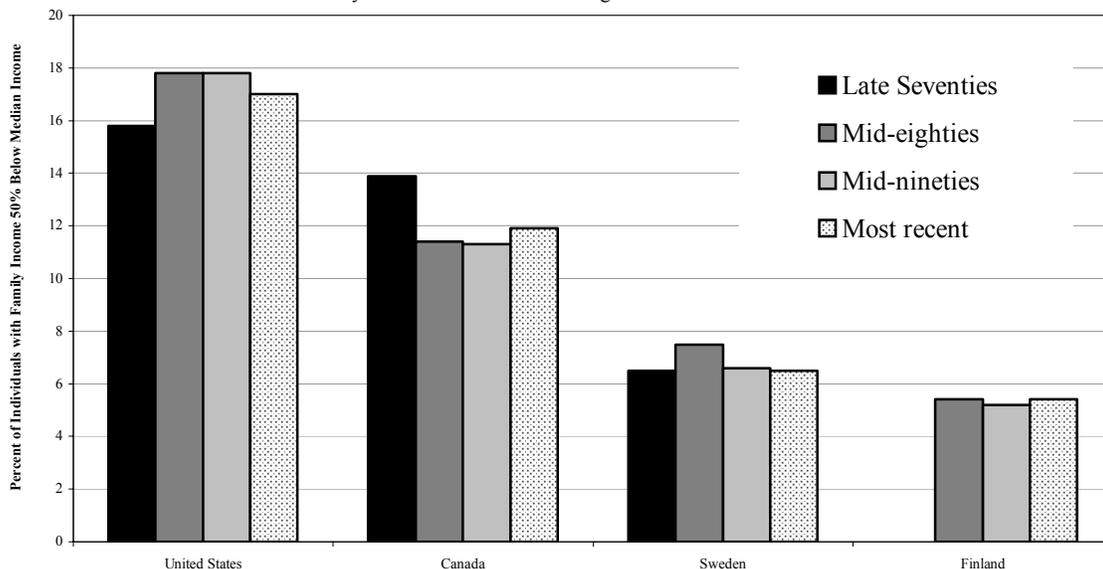
How does Canada move beyond the current set of inadequate income policies and make real progress in reducing poverty? More concretely, how do we help people like Claudia Parks live with more dignity and more income security? For some, the answer is simply to do nothing or next to nothing, the argument being that poverty, rural or otherwise, is (a) unavoidable; (b) too expensive to eradicate; (c) the result of laziness or some other personal failing; or (d) best addressed by letting the rising tide of economic growth, with some appropriate combination of “tough love” measures, lift any boats capable of being lifted.

The committee, however, is not convinced by these arguments. We note that the percentage of individuals falling below the low-income cut-off (LICO) is still more than 10% nationally, an unacceptably high poverty rate after 15 years of economic growth. Moreover, the committee is convinced that Canada can do better. This conviction is grounded in a simple fact, namely, that a number of countries, and indeed some provinces, have *already* made important strides towards poverty reduction. These

successful efforts have been premised on the assumptions that (contrary to the sceptical views outlined in the previous paragraph) no one really wants to be poor; almost everyone wants to contribute to society; and economic growth alone has not lifted all boats – nor is it likely to in the future.

In the northern European countries of Sweden and Finland, for example, a combination of activist policy measures and strong economic growth has helped generate some of the lowest poverty rates in the world (as measured by the low-income measure (LIM)). In Canada, by contrast, poverty rates as measured by the LIM have stagnated at levels somewhat lower than those in the United States but considerably higher than those in the Nordic countries. Figure 7-2 illustrates some comparative data for the United States, Canada, Sweden and Finland.

Figure 7-2
 Poverty Rates for All Families Using the Low-Income Measure



Source: Garnett Picot and John Myles, 2005, "Income Inequality and Low Income in Canada: An International Perspective," *Analytical Studies Branch Research paper Series*, Statistics Canada Catalogue No. 11F0019MIE- No. 240, Table 5, p. 12.

While economic growth has been more or less the same in all these countries, poverty rates have been quite different: Sweden and Finland have enjoyed poverty rates half those of Canada or the United States. Greg deGroot-Maggetti, a socio-economic policy analyst at Citizens for Public Justice, commented that “in countries such as Sweden — and Sweden is not alone here, but in European countries, particularly northern European

countries — their social philosophy is more one of solidarity and that philosophy takes into account structures that influence people's lives.” (*Evidence*, November 28, 2006)

At the same time, it is important to note that some positive measures are being taken in Canada. Newfoundland and Labrador and Quebec recently introduced comprehensive and promising poverty reduction strategies (see Text Boxes 7-1 and 7-2 for a more detailed discussion). While it is still too early to assess the effectiveness of these strategies, the committee believes that the federal government could complement provincial efforts by developing and implementing a *national* poverty reduction strategy.

Text Box 7-1: Quebec's Strategy to Combat Poverty and Social Exclusion

On 13 December 2002, the Province of Quebec became the first jurisdiction in Canada to enact a law (Bill 112, *An Act to Combat Poverty and Social Exclusion*) to combat poverty and social exclusion. Two years later, in its 2004–2005 Budget, the Quebec government announced that a total of \$2.5 billion would be allocated over five years to carry out the provisions of the Act. Subsequently, in April 2004, the government released its action plan, *Reconciling Freedom and Social Justice: A Challenge for Tomorrow*. The approach adopted in this plan evokes policies similar to those pursued in some English-speaking European countries such as the United Kingdom and Ireland. The plan promotes “economic security and social inclusion through employment” and increases “protection for people with significant employment limitations.”

The action plan includes a comprehensive set of initiatives and programs to raise the standard of living of social assistance recipients and low-income earners, and to assist people in making the transition from social assistance to employment. These initiatives include:

- the full indexation of social assistance benefits for those with significant work limitations;
- the creation of a participation premium for social assistance recipients who are able to work, as well as partial indexation of their benefits;
- the establishment of a work premium;
- an increase in the minimum wage;
- a new universal refundable tax credit for low-income families with children;
- initiatives to improve access to affordable housing;
- adapt the dwellings of people with disabilities;
- support employment for people with disabilities;
- facilitate the integration of immigrants and members of visible minority groups;
- continue to develop high-quality early learning and child care services;
- support young parents and children;
- facilitate the integration of young people into the labour market;
- support academic success and literacy programs in underprivileged areas;
- promote the social participation of seniors living on low incomes; and
- promote the social participation of seniors living on low incomes; and
- end penalties imposed on social assistance recipients who refuse to take steps toward integration into the labour market (administrative sanctions can be imposed only in cases of fraud or debt repayment).

Source: Adapted from Chantal Collin, *Poverty Reduction Strategies in Quebec and in Newfoundland and Labrador*, PRB 07-23E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 2007.

The federal government's capacity to design, and achieve a consensus on such a strategy rests on the fact that, while welfare programs are delivered provincially and territorially, the federal government plays a very important role through five broad policy areas. First, and most obviously, it helps fund provincial/territorial social assistance programs through the Canada Social Transfer (CST). Second, it manages and sets the terms for EI, a major income support program for laid-off workers and others. Third, it funds old-age security (OAS) and the guaranteed income supplement (GIS) for seniors (discussed in more detail below). Fourth, it funds the refundable Canada Child Tax Benefit (CCTB), an important source of income for low-income families with children. Finally, it helps low-income persons through funding for Aboriginal people, veterans and a range of targeted tax measures aimed at disabled people and other traditionally disadvantaged groups.

Mr. deGroot-Maggetti from Citizens for Public Justice argued that a *national* strategy could help reconcile the shared federal/provincial/territorial responsibility for income support into a more coherent structure. Absent this kind of effort, we end up with well-intentioned but often conflicting programs, as Mr. deGroot-Maggetti explained in his testimony:

I will add one thing to illustrate again why having an integrated plan is important. St. Christopher House, a community agency in Toronto, conducted a research project called Community Undertaking Social Policy a number of years ago. All kinds of initiatives are going on at various levels to help people living in poverty. This study looked at seniors, families, the kinds of programs and services they received and how they interacted. They looked at seniors relying on Old Age Security, the Guaranteed Income Supplement, and possibly housing subsidies and the services of Meals on Wheels. All those services were income-tested so as their income went up a little bit they would lose a bit of subsidy for some of these. The remarkable thing they discovered was that for some low-income seniors, an extra dollar of income that they might have put aside in an RRSP or something like that, could cost them more than a dollar. When you are in receipt of the Guaranteed Income Supplement and Old Age Security, you lose 50 cents for each earned dollar. As well, you could lose some of the housing subsidy, as well as other subsidies. No one wants poverty and everyone wants to do something about it. However, there is no coordination.

– *Evidence*, November 28, 2006

Text Box 7-2: Newfoundland and Labrador's Comprehensive Poverty Reduction Strategy

In 2006, Newfoundland and Labrador became the second province in Canada to adopt a comprehensive poverty reduction strategy. Following on a commitment made in 2003 in the Progressive Conservative Party Plan and in the 2005 Speech from the Throne, the government pledged to transform Newfoundland and Labrador over the next decade from a province with the most poverty to a province with the least poverty.

A formal consultation process was carried out to ensure that all interested parties could share their knowledge and contribute to the development of a strategy that would meet the needs of people living in poverty or at risk of poverty in Newfoundland and Labrador. To prevent, reduce and alleviate poverty, the government decided on a comprehensive, integrated and multi-faceted approach that addresses “the connections between poverty and gender, education, housing, employment, health, social and financial supports, and tax measures, as well as the link between women’s poverty and their increased vulnerability to violence.” Building on a series of initiatives announced in Budget 2005 and Budget 2006, the government announced in its 2006 action plan that it would improve the accessibility and coordination of services for those living on low incomes; establish a stronger social safety net; improve earned incomes; increase emphasis on early childhood development; and take action to achieve a better-educated population. A number of initiatives will be undertaken to fulfill these goals, including

- tax reductions for low-income individuals and families;
- measures to enhance both the supply of and demand for labour;
- increased social and financial supports;
- increased access to affordable housing;
- improved access to health programs and other essential services;
- enhanced justice system supports; and
- actions to strengthen early learning and child care programs, improve the primary and secondary school system, and provide greater access to post-secondary education, literacy, and adult basic education.

The action plan also includes a commitment to consult regularly and engage in an ongoing dialogue with community-based agencies involved in poverty reduction activities and with individuals living in poverty, to ensure that programs and policies move the government’s poverty reduction strategy forward. Working in collaboration with the federal government is also a priority. The action plan identifies a number of areas in which the federal and provincial governments could work together: income tax-related issues, Aboriginal people, people with disabilities, affordable housing, the creation of a new Labour Market Development Agreement, child benefit programs, student loan programs, and literacy programs.

Budget 2006 committed over \$30.5 million in 2006–2007 to develop and implement an integrated package of 20 initiatives aimed at reducing poverty in Newfoundland and Labrador, and \$64 million annually thereafter. Budget 2007 promised an additional \$28.9 million for the poverty reduction strategy, for a total annualized investment of over \$91 million. Progress in implementing the government’s action plan will be monitored over the next four years, and its impact on reducing poverty and promoting social inclusion will be assessed at the end of this period.

Source: Adapted from Collin (2007).

Given the shared federal-provincial/territorial jurisdiction over the poverty file and the consequent potential for conflicting policy actions, the committee believes that the federal government should consult with the provinces/territories and devise a national poverty reduction strategy. While the committee recognizes the difficulty of designing income policies that differentiate between rural and urban residents, the national strategy should, where possible, be mindful of important rural-urban differences, especially those

relating to some of the transportation issues addressed in Chapter 6 and the housing issues (especially in the far north) addressed in Chapter 9.

RECOMMENDATION 7-1: The committee recommends that the federal government, in consultation with the provinces/territories, devise a national poverty reduction strategy that is sensitive to rural/urban differences. As part of its deliberations, the federal government should pay special attention to the anti-poverty strategies already in place in Québec and Newfoundland and Labrador.

(a) Building a Poverty Reduction Strategy Around a Guaranteed Annual Income

Many of our witnesses argued that a guaranteed annual income should be an essential component of any broad-based effort to reduce poverty. It could, for example, be the centrepiece for a national anti-poverty strategy. While witnesses provided few details of what a workable guaranteed annual income might look like, most existing guaranteed income proposals¹⁵³ share a basic underlying concern with providing a largely *unconditional* income floor below which no family or individual would be allowed to fall.

It is important to realize that the idea for a more broad-based adult guaranteed annual income is not new. In Canada, the idea probably first gained some traction after U.S. President Lyndon Johnson declared a “war on poverty” in his 1964 State of the Union address. It was seriously discussed in Canada at a Progressive Conservative Party policy conference in Niagara Falls in 1969¹⁵⁴ and gained additional national attention two years later when the Special Senate Committee on Poverty made a detailed recommendation for just such a policy in its landmark 1971 report. Shortly after, federal and provincial governments engaged in serious discussions on overhauling the social welfare system and the possibility of a guaranteed annual income. Aside from a short-lived experiment with a guaranteed annual income in Manitoba,¹⁵⁵ however, these discussions did not result in any kind of concrete policy proposal.

¹⁵³ Guaranteed annual income proposals go under a variety of names, including the Social Dividend, Citizen’s Income, Social Wage, Universal Basic Income, Basic Income, and the Basic Income Guarantee.

¹⁵⁴ Senator Hugh Segal, “Building a Basic Income Floor for Canadians to Stand On,” *Inroads: A Journal of Opinion*, Vol. 6, 1997, pp. 28–38.

¹⁵⁵ Known as the Manitoba Basic Annual Income Experiment, or Mincome, the pilot project made payments to some 1,300 Manitoba families who were randomly assigned to three different guaranteed

In both Canada and the United States, policy momentum for a guaranteed annual income was eventually derailed by two overriding objections. First, opponents feared that, while well-intentioned, a guaranteed annual income policy would ultimately discourage people from working by providing them with money for nothing. Second, opponents argued that any reasonably well-funded guaranteed annual income would simply prove too costly. The committee believes, however, that these concerns are overstated and ultimately misplaced. First, the idea for a guaranteed annual income is not in fact as radical as it sounds. Ken Battle from the Caledon Institute for example argued that

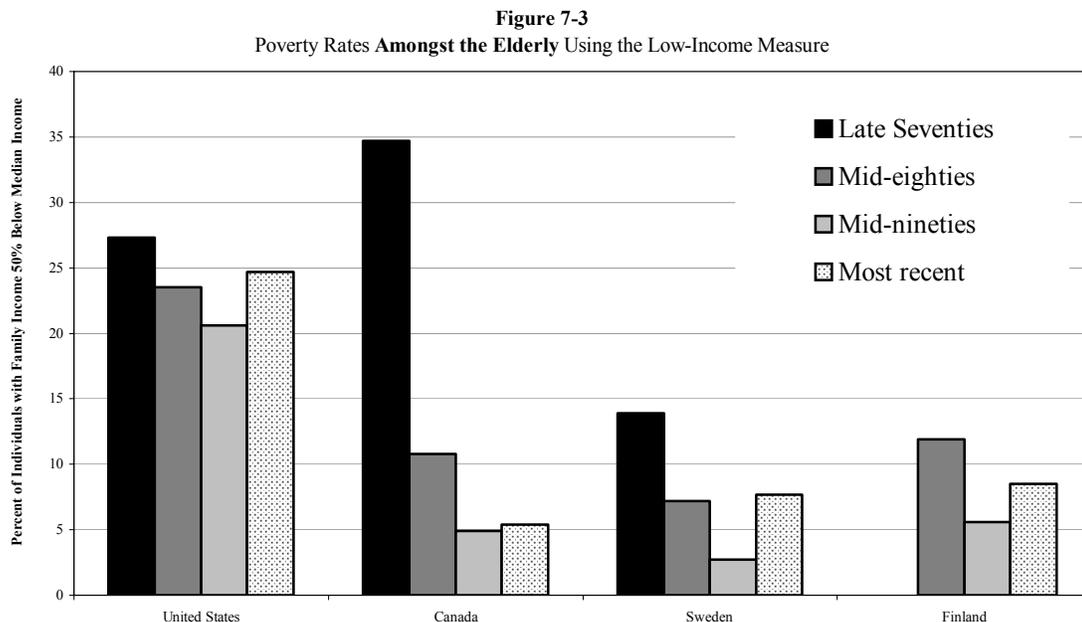
We already have a guaranteed income in Canada. It is just that it is not all delivered through one big program. It is delivered through several programs. Some parts of that guaranteed income are more adequate than others. We have a guaranteed income for children. It is the Canada Child Tax Benefit. That is why we have been pushing so hard to get that program boosted to \$5,000 per child in a low income family, which is roughly the cost of raising a kid in a low income family. That is a guaranteed income program. It is delivered through a negative income tax through the federal income tax system, which is the same kind of negative income tax that Milton Friedman, the conservative American economist who proposed the idea of guaranteed income, proposed. We already have a guaranteed income for kids. It is not adequate and the addition of the two new programs, the universal child care supplement and the non-refundable credit, are a step backwards but there is one part of guaranteed income. We have a guaranteed income for seniors, which is Old Age Security Guaranteed Income Supplement, and about half of the provinces and territories provide supplements as well. We have a guaranteed income for unemployed people. It is Employment Insurance if you get it. If you do not, your guaranteed income is welfare. Most people would argue it is an inadequate guaranteed income. What I am getting at that I think it is more useful to look at guaranteed income as an objective than as a means. An objective is to provide a decent base income for Canadians who are simply unable to work or do not have an adequate income for whatever reason.

– *Evidence*, March 6, 2008

The evidence shows that at least some of the components of this patchwork of income support programs have been spectacularly successful in reducing poverty. The federal

annual income (GAI) plans for three years. There was also a control group of families who received no benefits. Three support levels were established: \$3,800, \$4,800, and \$5,800 (1975 dollars) for a family of four. These levels were adjusted according to family size and structure, as well as for inflation. Three tax-back rates were used: 35%, 50%, and 75%. In a 2001 article, Hum and Simpson noted that the research results obtained for the Mincome pilot “were encouraging for those who favour a GAI” because the reduction in work effort was termed “modest,” at approximately 1% for men, 3% for wives and 5% for unmarried women. See Derek Hum and Wayne Simpson, “A Guaranteed Annual Income? From Mincome to the Millennium,” *Policy Options*, January-February 2001, p. 80.

government’s Old-Age Security (OAS) pension program, the Allowance (formerly known as the Spouse’s Allowance), and the GIS^{156 157} have together been widely credited with significantly reducing both income inequality and the incidence of poverty among seniors to some of the lowest rates in the developed world, as Figure 7-3 shows.¹⁵⁸



Source: Garnett Picot and John Myles, 2005, "Income Inequality and Low Income in Canada: An International Perspective," *Analytical Studies Branch Research paper Series*, Statistics Canada Catalogue No. 11F0019MIE-No.240, Table 5, p. 12.

¹⁵⁶ In eight of the ten provinces, OAS and GIS payments are topped up by provincial programs for low-income seniors.

¹⁵⁷ While OAS is available to almost any Canadian resident, a person must be at least 65 years of age to qualify. Moreover, OAS is subject to tax, contrary to more radical guaranteed income proposals. Under GIS, the federal government imposes both an age and an income constraint: to qualify, a person first must qualify for OAS and then must not earn outside income (i.e., income other than OAS or GIS) in excess of certain prescribed amounts (GIS is “clawed back” on income earned beyond these threshold points). The Allowance is also an income-tested program that limits eligibility to Canadian residents aged 60 to 64 and who are either widowed or are ineligible for OAS but married to someone who is.

¹⁵⁸ In an article entitled “Income for Seniors,” John Myles documents the dramatic decline in inequality among seniors, and between seniors and the broader population, since the 1960s. He notes, for example, that “low income rates among Canadian seniors measured by the usual ‘relative’ standard (persons with adjusted incomes less than 50% of the median) are now among the most moderate in the OECD, even when compared with egalitarian Sweden,” a fact that he attributes mostly to increasing pension income built on a foundation of OAS and GIS payments. (See Statistics Canada, *Perspectives*, Winter 2000.) In its *Canadian Fact Book on Poverty 2000*, the Canadian Council on Social Development, for its part, writes that “Among industrialized countries, Canadian income supports for seniors – as well as those in Sweden, the Netherlands, Norway and Italy – produce a notable reduction in poverty.” For details, see: <http://www.ccsd.ca/pubs/2000/fbpov00/index.htm>.

Second, evidence on possible work disincentives from guaranteed income experiments in the United States and the sole Canadian experiment is mixed. While there may be a tentative consensus that these experiments led to some reduction in hours worked due largely to longer unemployment spells, the magnitude and importance of those reductions are disputed. In a 1993 article, for example, Canadian researchers Derek Hum and Wayne Simpson argued that the available research showed “few adverse effects...[and] [t]hose adverse effects found, such as work response, are smaller than would have been expected without experimentation.”¹⁵⁹ In any event, longer unemployment spells may be efficient if they lead to better matches between the labour skills on offer and the competencies demanded.

Third and finally, the cost of a reasonably generous guaranteed annual income is probably not as high as opponents like to claim, nor would it be unaffordable. To begin with, most guaranteed annual income proposals are designed to replace an array of programs, precisely that patchwork of program identified by Mr. Battle. In its 1985 study, for example, the Royal Commission on the Economic Union and Development Prospects for Canada (the MacDonald Commission) found that its guaranteed annual income proposal would have been “essentially self-funding” after taking into account the savings that would accrue from eliminating a range of existing programs as well as a number of other structural changes to Canada’s income security system.¹⁶⁰ Fourth and finally, it is important to stress that most guaranteed annual income cost estimates are on the high side, in the sense that they fail to take into account the *savings* that would result from reduced bureaucratic policing of guaranteed income recipients, and the *benefits* that would likely accrue from reducing poverty including for example lower crime rates, less use of the health-care system, and healthier, better-fed children who are more attentive in school.

¹⁵⁹ Derek Hum and Wayne Simpson, “Economic Response to a Guaranteed Annual Income: Experience from Canada and the United States,” *Journal of Labor Economics*, Vol. 11, No. 1, 1993, p. S287.

¹⁶⁰ Royal Commission on the Economic Union and Development Prospects for Canada, Volume Two, Minister of Supply and Services, 1985, p. 541. The list of programs that the Royal Commission said might be eliminated includes the Guaranteed Income Supplement for the Elderly, the Family Allowances program (analogous to the new Universal Child Care Benefit) and a range of tax benefits, some of which are no longer part of the *Income Tax Act*.

Moreover, if the guaranteed annual income were delivered through the tax system as a refundable tax credit, it would likely encourage more tax filings, which in turn would help move more low-income individuals into the official economy.

It is clear that the current social safety net is frayed. It was designed at a time when most jobs were for life and incomes rose steadily. It is ill-equipped to deal with the realities of an increasingly global economy where jobs and incomes are not secure and the ups and downs of economic activity are more pronounced. By providing an unconditional income floor, a guaranteed annual income appears to be ideally suited to the new economic environment. Looking beyond these arguments, moreover, the committee believes that the case for a guaranteed annual income ultimately rests on widely shared principles of equity and fairness. In a 2006 item published in the *Toronto Star*, Senator Hugh Segal, a member of this committee and a long-time supporter of the guaranteed income concept, argued that it is simply wrong that so many must do without in a country as prosperous as Canada:

I do not believe that, in a country such as Canada, fellow citizens must live so far below what we consider a poverty line that they are unable to provide the basic necessities of shelter, food and clothing for themselves and their children. And based on the current allowances provided by the welfare system, I also refuse to accept that people purposely choose to avoid employment in order to subsist on such a paltry income. Individuals who turn to welfare do so as a last recourse. Whether the situation is the result of abuse, job loss, lack of education or training, addiction or single-parent households, our duty as Canadians and human beings is to guarantee an income that allows people to provide for themselves and their families while affording them a level of dignity that boosts confidence and inspires hope.¹⁶¹

Senator Segal further holds that the idea of a guaranteed annual income is simply the corollary of every citizen's tax obligation, as indicated from this preamble to a question he asked of one of our witnesses:

Her Majesty takes more in taxes because that is how our tax system works. The more we earn, the more we pay. When for some reason we run out of money — job loss, handicap or illness — then before Her Majesty helps, either through welfare, Ontario Works or others, she has, through her civil servants, many detailed questions. Why do we not have the money?

¹⁶¹ Senator Hugh Segal, "Welfare study shows need for guaranteed income," *Toronto Star*, 2 September 2006, p. F5.

Is it because we cannot work? Are we handicapped? Did the plant in our little town close? Is the farm not viable? It has always struck me that the issue is, in terms of sitting around the family table in Canada, which should be large enough for everyone to have a seat, about the money. For various reasons, often through no fault of their own, people will end up with not enough money for proper health, food or heating.

Indeed, Sherrie Tingley of NAPO told us, “Nobody was ashamed to get their baby bonus cheque. Nor did they have to line up or strip themselves of assets, et cetera.”¹⁶² (*Evidence*, September 28, 2006). With a guaranteed annual income, no one would be ashamed to receive the money that he or she needs to sit at the family table.

The committee, along with more than 20 of our witnesses, believes that the time has come for the federal government to seriously consider a guaranteed annual income, which in effect means a more streamlined and equitable version of the patchwork of programs that currently help shelter Canadians from the economic cycle. The development of a detailed proposal goes beyond the committee’s expertise; but fortunately, some of Senator Segal’s previous work points a way forward.¹⁶³ He has suggested, for example, that the federal government begin a national discussion framed around several core principles, namely that a guaranteed annual income should:

- provide an *adequate* income floor, for which the only condition is financial means as determined by income tax filings;
- be developed by a federal–provincial/territorial working group with input from business, labour and the volunteer sector. The federal government should use financial incentives to bring participants to the table;
- be funded in part by the gradual phasing out of existing, often punitive, social programs;
- be implemented over a period of no more than five years and be delivered through the tax system, similar to the goods and services tax (GST) rebate;
- be adjusted annually to account for cost-of-living changes; and

¹⁶² Ms. Tingley is referring to the “Family Allowance,” Canada’s first universal welfare program. The Family Allowance was terminated in 1993 and replaced by a new income-tested child tax benefit that provided monthly benefits based on the number of children and the level of family income. This benefit would later become known as the Canada Child Tax Benefit. For a discussion, see Canadian Economy Online, “1994 – Family Allowance Program: Supporting Canadian Children,” available at: <http://canadianeconomy.gc.ca/english/economy/1944family.html>.

¹⁶³ Segal (1997), pp. 28–38.

- be an integral part of the national poverty reduction strategy to be negotiated with the provinces/territories.

While the committee does not endorse the idea of a guaranteed income tax *just* for rural Canadians,¹⁶⁴ it does feel that any proposal for such a program must take into account the differences in living costs that exist between different parts of Canada, both rural and urban. While housing costs in rural Canada tend to be lower than in urban areas, the costs of food, fuel, and transportation tend to be higher and this is especially true in more remote areas. The committee also notes that a guaranteed annual income, delivered through the tax system or by means of a cheque, presents at least one inherent rural advantage – it would help do away with costly visits to welfare offices in distant regional offices. With this in mind, the committee urges the federal government to proceed with the drafting of a Green Paper and begin a national discussion on this very important topic.

RECOMMENDATION 7-2: The committee recommends that the federal government commission a Green Paper¹⁶⁵ to study the costs and benefits of introducing a guaranteed annual income. The Green Paper should serve as a starting point for a national discussion involving the provinces and territories about reforming the country’s income support system so that it is more generous, less punitive, less stigmatizing and more consistently applied across provinces and territories.

The committee is, of course, aware that such a discussion is unlikely to produce results overnight. In the meantime, the committee believes that the federal government can demonstrate leadership and have an immediate and positive impact on poverty reduction by increasing the generosity of two programs already in place, namely the Working Income Tax Benefit (WITB) and the Canada Child Tax Credit (CCTB). If and

¹⁶⁴ A guaranteed annual income *just* for rural Canadians would present at least four major challenges. First, the federal government would have to chose a definition of rural. As the committee’s discussion in its interim report suggests, this is no simple matter and moreover, would likely be an extremely contentious process. Second, the federal government would have to carefully carve rural Canada out of its existing array of income-support programs in order to finance a rural-only guaranteed income. Again, this would likely be a very difficult and contentious process. Third, an exclusively rural guaranteed income could create incentives for people to settle in rural Canada solely to collect their guaranteed income rather than to contribute to rural Canada’s badly-needed economic development. Finally, it would be difficult to justify a *rural* guaranteed income from the perspective of equity and fairness.

¹⁶⁵ Governments issue Green papers when they wish to begin a discussion about an important policy matter. White Papers, by contrast, are produced when governments wish to signal their intention to proceed with the implementation of a new policy and related legislative changes.

when it looks like the government is ready to introduce a guaranteed annual income, funding from these programs could easily be made available.¹⁶⁶ These two proposals are discussed in more detail in the following sections.

(b) Making Work Pay and Helping Families

In the introduction to its 2006 report, the Task Force on Modernizing Income Security for Working-Age Adults (MISWAA) asks:

Should someone in Canada working full-time for a full year be living in poverty? We think most Canadians would answer “no” to that question. [...] Yet today, nearly a third of Canada’s low-wage workers do not earn sufficient income to meet their costs of living. They are failing to make ends meet, not because they do not work hard, but because they can’t earn enough to cover what it costs to live and work in Canada.¹⁶⁷

To some extent, this inability to earn enough to make ends meet is due to what policy analysts have dubbed the “welfare wall,” a concept used to describe the disincentives to work built into many of Canada’s income support programs. Welfare recipients contemplating a return to work have to weigh the *costs* of returning to work, including the fact that for many, a large portion of each dollar earned is lost to taxes and reduced income support. For single parents especially, the disincentive effects of income clawbacks are aggravated by the loss of crucial in-kind benefits such as subsidized housing, prescription drugs, vision care and dental care.

To address these and other problems, the Task Force made 11 detailed recommendations, including the Basic Refundable Tax Credit discussed in section (b), above. Some of these, such as the recommendation to extend basic health and dental coverage to low-income workers, fall squarely under provincial and territorial control and should be part of the federal government’s national poverty reduction discussions with the provinces and territories. Others, however, fall under federal jurisdiction, including the recommendation for a working income supplement delivered by means of a refundable tax credit of up to \$2,400 a year which would also be reduced to zero when

¹⁶⁶ Alternatively, the federal, provincial and territorial governments may want to integrate these programs into their guaranteed annual income proposal. The MacDonald Commission report, for example, chose to pay a relatively modest guaranteed annual income but with a low “clawback” rate in order to maximize the incentives to participate in the labour force.

¹⁶⁷ Task Force on Modernizing Income Security for Working-Age Adults (2006), p. 11.

household income reached \$21,500. Under the proposal, a person would qualify for this tax credit if he or she worked at least 50 hours a month or had an annual household income of at least \$4,800 a year. The Task Force estimates that the proposal would cost the federal government about \$3.2 billion annually.

Since the Task Force's report was published, the federal government has introduced what it calls a working income tax benefit (WITB) which is similar in principle but less generous than the tax credit proposed by the Task Force. The federal WITB provides a refundable tax credit of 20% for each dollar of income earned in excess of \$3,000, to a maximum credit of \$500 for single individuals without dependants and \$1,000 for families. The credit is reduced to zero when income reaches \$12,833 for single individuals and \$21,167 for households.¹⁶⁸

While the committee is a strong advocate of introducing a guaranteed annual income, it also is a firm believer in the value of work – not only for its obvious income benefits but also because it yields a number of less visible benefits for individuals and their families. For example, in his review of recent poverty trends, the C.D. Howe Institute's John Richards cites research showing that “the role model effect of a working parent increases the probability that children complete high school and avoid teenage pregnancy, two strong indicators of intergenerational escape from poverty.”¹⁶⁹ Richards also argues that employment may help counter obesity trends among the poor, and he points to a well-established body of research which shows that prolonged unemployment can have serious psychological effects in terms of depression and suicide, especially for men.

The academic evidence on the benefits of employment (and the risks of long-term unemployment) is consistent with much of what the committee heard. Bill Reimer, a professor at Concordia University, told the committee his research has found that suicide rates are especially high among men in rural Canada, often due to their inability to find traditional work: “In Abitibi-Timiscamingue, where the suicide rates are high, the jobs are not hard, they are just not there; or if they are there, they are jobs that are, for

¹⁶⁸ The discussion in this paragraph is based on information in Budget 2007, Annex 5, pp. 374–79, available at: <http://www.budget.gc.ca/2007/bp/bpa5ae.html>.

¹⁶⁹ Richards (2007), p. 8.

example, in the service industry which are not the kind of jobs that the young males are equipped to do. The young men in that area do not think about jobs in the service industry because they are filled with stories about men who work in the bush.” (*Evidence*, November 9, 2006) In her testimony, Louise Lawrie described the impact of a government-sponsored factory on local living conditions:

[I]t did make a big difference in our community. In a matter of just two, three years, we had functioning families, and there was a pride that you noticed in the children at school. They had bikes and things that the other children had because their families did have a steady job. Petty theft and those sorts of activities went down. It made a marvellous difference for the period of time the prefab plant operated.

– *Evidence*, March 9, 2007

The committee believes that the WITB is an important step in helping low-income recipients move into and stay in the labour force. Moreover, as the Caledon Institute’s Ken Battle noted in his presentation to the committee, the WITB is also “a step forward in helping people who are not eligible for the kind of benefits that we are talking about in old fashioned jobs” (*Evidence*, March 6, 2008). The WITB, however, could be more generous. The committee favours the proposal put forward by the Task Force on Modernizing Income Security for Working-Age Adults, which, it should be noted, was the product of a consensual process among task force members, a group with representatives from business, labour, the volunteer sector and think tanks such as the C.D. Howe Institute.

RECOMMENDATION 7-3: The committee recommends that as funding permits, the federal government adapt its working income tax benefit to conform to the proposed working income supplement outlined in the May 2006 report of the Task Force on Modernizing Income Security for Working-Age Adults.

(c) An Enhanced Canada Child Tax Benefit (CCTB)

On 24 November, 1989, Parliament passed a unanimous all-party resolution which stated that: “This house seeks to achieve the goal of eliminating poverty among Canadian children by the year 2000.” The year 2000 has come and gone as have many years of strong economic growth and child poverty persists. In 2005, about 11.7% of children in Canada lived in low-income families, the same percentage that prevailed in 1989 at the

time of the resolution.¹⁷⁰ The federal government has three child benefit programs, although only two of them – the Canada Child Tax Benefit and the Universal Child Care Benefit – have any direct bearing on child poverty.

- **The Canada Child Tax Benefit:** The CCTB is paid to the majority of families with children under 18. It pays a maximum amount of \$3,271 per year (for July 2007 through June 2008) for the first child, \$3,041 for a second child and \$3,046 for a third and each additional child. Maximum benefits go to families with net incomes under \$20,833 and payments decline gradually as incomes increase above that level.
- **The Universal Child Care Benefit:** The UCCB is a monthly benefit paid to all families with children under 5. It pays \$1,200 per year per child but is subject to federal and provincial/territorial income taxes so only the lowest-income families end up with the full \$1,200.
- **The Non-Refundable Child Tax Credit:** The Child Tax Credit generates only benefits for families with income tax owing.¹⁷¹ It is worth \$300 in federal income tax savings per eligible child under 18.

Several witnesses recommended an increase in the CCTB to help address poverty and equity issues. Michael Goldberg, the Chair of First Call, the B.C. Child and Youth Coalition, for example placed an increase in the CCTB at the top of his public policy priority list:

The very first change would be to ensure that the Canada Child Tax Benefit gets raised to — and we could afford to do this tomorrow — about \$5,000 per child. We need to ensure that no provinces are allowed to reduce the income of people on income assistance, that it is not based on the source of income. We must say that no child in this country will ever again be raised in poverty. We could have done the same thing 10 years ago. In 2000, when the supposed child budget came out that was switched to a tax reduction budget, we lost the opportunity, but it is still there. We have the capacity. It is not a question of not being able to afford to do that. That is number one.

– *Evidence*, November 7, 2006

In his presentation to the committee, Ken Battle, president of the Caledon Institute, echoed this recommendation and suggested that the increase in the maximum payment

¹⁷⁰ Statistics Canada, “Income Trends in Canada: 1980 to 2005,” Catalogue No. 13F0022XIE2005000, Table 802.

¹⁷¹ In a recent working paper, the Caledon Institute said that the credit excludes “only those with low incomes (e.g., for an Ontario single parent with one child, those with net family incomes below \$19,000).” See Ken Battle, “A \$5,000 Canada Child Tax Benefit: Questions and Answers,” *Caledon Institute of Social Policy*, January 2008, available at : www.caledoninst.org.

under the CCTB be funded in part by eliminating the UCCB and the non-refundable child tax credit, a move that would put the net cost of increasing the maximum CCTB payment to \$5,000 at \$4 billion. Mr. Battle suggested that if this amount was deemed too expensive given fiscal realities, the proposed increase in the maximum CCTB payment to \$5,000 could be phased in over time, with the initial increases in the CCTB funded entirely by eliminating the UCCB and the non-refundable Child Tax Credit.

RECOMMENDATION 7-4: The committee recommends that the federal government phase in increases to the maximum Canada Child Tax Benefit (CCTB) to \$5,000 as funding permits. Initially, the increases could be funded eliminating the Universal Child Care Benefit (UCCB) and the non-refundable Child Tax Credit.

(d) Easing the Tax-Filing Burden

Increasingly, many of Canada's social assistance benefits are delivered and/or means-tested through the tax system (as would be the guaranteed annual income proposed in this report). The committee was told, however, that for various reasons, many low-income persons may not be taking advantage of the full range of tax credits and social programs for which they are eligible. They may be unaware of the credits, or (incorrectly) believe they are ineligible for the credits, or be impeded in applying for the credits because of functional illiteracy. Some may also neglect to file their taxes. As Sherrie Tingley from NAPO noted:

One of our concerns is access to the tax system. That sounds a little crazy, but many benefits are delivered through the tax system so it becomes critical that people have access to filing their taxes in order to access the benefits. We are quite concerned about unclaimed benefits. People are left out of the process because, generally, people may think, "I did not have any income, so I will not file an income tax return," or they may be living with a partner who files taxes and not realize that filing a tax return is part of the process in gaining access to benefits. Increasingly, we are delivering benefits to Canadians through the tax system but, in addition, people have to apply for those benefits. The process is complex and it is disturbing that parliamentarians have worked so hard to implement these programs and yet we have fallen short.

– *Evidence*, September 28, 2006

The concerns raised by Ms. Tingley were highlighted recently when an access to information request found that in 2007, approximately 130,000 eligible seniors did not

receive guaranteed income supplement benefits to which they were entitled.¹⁷² Moreover, a recent study by the Standing Committee on National Finance noted that the Office of the Chief Actuary has identified some 26,430 eligible CPP contributors aged 70 and over who, as of 1 July 2005, have not yet applied for their retirement benefits.¹⁷³

Similar problems are also evident at the provincial level. Stasha Donahue, Co-chair of the South West Alberta Coalition on Poverty, told us how a provincial tax credit for dental care bypassed many low-income Albertans because of illiteracy problems:

In our region, one area that was cut back was dental health services. The area was viewed as something fluffy and extraneous. Unfortunately, the importance of public health has been devalued over the last decade or so. We are seeing, hypothetically but we are conducting research, an increase in caries, rotten teeth, with young school children. I can attest to that situation as a mom volunteer in schools. The response was that the Alberta government has a child health benefit: why do they not use that? If they are illiterate, they will not fill out that form, and complete all that paperwork. They go without. That is a concrete example of what happens.

– *Evidence*, March 6, 2007

The committee notes that the Canada Revenue Agency's (CRA) Community Volunteer Income Tax Program trains volunteers to help low-income individuals fill out their tax form, provided they have relatively simple tax situations. The committee is concerned, however, that these services may be difficult to find or access, especially in rural areas. We are also concerned that many low-income Canadians may be simply unaware that this program exists, especially since they lack easy access to the social services that urban residents take for granted.

RECOMMENDATION 7-5: The committee recommends that the Canada Revenue Agency and Services Canada undertake to inform clients about the full range of programmes and tax benefits to which they may be eligible, regardless of which

¹⁷² The Access to Information request was filed by Richard Shillington, an analyst at Infometrica.

¹⁷³ In March 2008, the National Finance committee released a report recommending that the federal government consult with the provinces to increase the period for which individuals are eligible for retroactive CPP payments. Currently, seniors who apply late for their retirement pension will receive up to 11 months of retroactive payments. The Quebec Pension Plan, on the other hand, allows eligible applicants aged 65 and older to retroactively claim benefits for a period up to 60 months. The National Finance committee also recommended that the federal government "...examine new ways to reach those eligible Canadians that are not yet receiving their Canada pensions; and to encourage Canadians to avail themselves of the benefits to which they are entitled." A copy of the report is available at the National Finance website: http://www.parl.gc.ca/common/Committee_SenRep.asp?Language=E&Parl=39&Ses=2&comm_id=13

program(s) they applied for. The Canada Revenue Agency should also consider preparing a simplified, one-page tax form for low-income individuals with relatively simple tax situations. Finally, the Canada Revenue Agency should also, where feasible, automatically calculate an individual's eligibility for existing and future tax benefits based on available income and personal data.

(e) Food Banks – Tax Measures to Encourage Donations

When we established our food bank in 1992, we thought perhaps it would only be for a short duration, but the need is increasing all the time. At present, the Annapolis and Area Food Bank Society serves about 43 families. Of these, 70 per cent are single parents and, as I said before, the children in those families are under the age of 12.

– Bill Goucher, President, Annapolis Area Food Bank Society,
Evidence, February 22, 2007

Canada's first food bank opened in downtown Edmonton in 1981.¹⁷⁴ At the time, it was widely seen as a short-term solution to a short-term problem. In fact, most food banks still operate on that premise, promising to “put themselves out of business” at the first available opportunity. Almost 30 years later, however, few if any food banks have been able to make good on that promise. Canada now has about 649 food banks, and almost half of these are located in rural Canada.¹⁷⁵ Since 2000 alone, despite Canada's much-touted prosperity, some 60 new food banks have opened in rural Canada. Louise Guertin, a community legal worker at the Grand-Nord Legal Clinic in Kapuskasing, Ontario, told us that “almost 90% of the increase in the number of food banks across the country has been in rural Canada, not in the cities” (*Evidence*, June 1, 2007).

Given this significant growth in food banks, some may worry that there is an increased likelihood of abuse, of people taking advantage of the kindness and hard work of volunteers. Others may worry about creating a kind of unhealthy dependence. The committee, however, heard little or no evidence to this effect. Wayne Hellquist, Chief Executive Officer of the Regina and District Food Bank, told us that in agricultural areas Canada he sees the exact opposite, namely, a great reluctance on the part of farmers in particular to accept food bank services:

¹⁷⁴ Ontario Association of Food Banks, “History,” available at:

http://www.oafb.ca/portal/index.php?option=com_content&task=view&id=13&Itemid=27

¹⁷⁵ Evidence from Charles Seiden, Executive Director, Canadian Association of Food Banks.

In my experience with farm families needing to access food banks, I have found that this is a tremendous blow to their self-esteem. Usually, they do not want to hang around and have a conversation and are in a hurry to hightail it out of the food bank. Having to go to a food bank is the last straw for farmers because they deem it an admission of failure when they cannot produce enough food and generate enough income to feed their families. We have not engaged in many discussions with farm families. It is tough for them when they have to turn to a food bank. These people have prided themselves for years on being the producers of food not just for Canada but also for the world. They are still producing food for the world, but they cannot generate enough economic resources to produce it for their own tables. That is a challenge for them and a big self-esteem issue for many farmers.

– *Evidence*, February 6, 2007

Ed McMaster, a long-time resident of Pictou, Nova Scotia, who single-handedly operates a rural food bank out of his home, echoed these views but in a different, less agricultural context. He told the committee that he is always mindful of being discreet because he realizes the stigma attached to being a food bank user:

Sometimes, I make up boxes. When the fire department was helping me I would make up boxes and deliver them, sometimes to a friend, who would deliver them to the person, and only he knew. I did not know who was getting it. Only he knew who was getting it. Sometimes, I would drop the stuff at a certain mail box. I would say, under that mail box there will be something for you, or in this store there will be a package for you, and that is where they would pick it up. They would just go in say, “Did Ed McMaster leave me something here?” They would not know what was in the box, but they would go and pick it up. It would be food, of course. Sometimes it was money.

– *Evidence*, February 23, 2007

Despite Canada’s 15 recent years of sustained and often very strong economic growth, the clientele at food banks such as the one operated by Mr. McMaster continues to grow. According to the Canadian Association of Food Banks, food bank use nationwide increased by 13% from 1997 to 2006.¹⁷⁶ Typically, those most likely to use food bank services were families with children, notably single-parent families: in 2006,

¹⁷⁶ Canadian Association of Food Banks, 2006, “*HungerCount*.” Data in the *HungerCount* are drawn from surveys of provincial food banks in March every year. The annual publication reports a number of important indicators, including (i) number of people who receive groceries from food banks and their affiliated agencies; (ii) worker and volunteer hours contributed to food bank tasks; (iii) frequency of food bank use allowed; (iv) days’ worth of food provided; (v) number of prepared meals served; and (vi) coping strategies when food runs out.

53% of all households visiting a food bank were families with children.¹⁷⁷ The majority of these, in turn, were single-parent families. More than 50% of food bank recipients in 2006 received some form of social assistance, while another 13.4% were employed but unable to earn enough to feed themselves through the month. Mr. McMaster's anecdotal evidence supports these statistics. He told us that:

Some seniors require help, but mostly it is mothers with children. If they are single, home alone, it is not too much of a problem. They can survive on what they get. However, once a child enters the picture, or if there is an older child, then there is not enough food from these payments that they receive. The thing I passed around says it all. There is not enough. The rent takes it all. Then, like everyone else they have Christmas, birthdays and all these things that they would like to participate in, and that is only natural. We live in this country that has so much of everything that I cannot understand why it cannot get up there. Some things take the money. There is gambling, there are cigarettes, but in most cases I find, and I do not if my colleague here will say the same, there is often no problem with gambling and no problems with drugs or things like that. They are only trying to survive and they do not have enough. The rent takes it all. The telephone takes another big jump. All these things get bigger and bigger.

– *Evidence*, February 23, 2007

Most food banks are community-based organizations that depend on local donations by individuals and businesses. According to Charles Seiden, Executive Director of the Canadian Association of Food Banks, his organization “has never asked for help. Food banks have wanted to be independent and we thought we would go out of business” (*Evidence*, February 6, 2007).

That said, the committee learned that the federal government could make some relatively small, low-cost changes to the *Income Tax Act* that would encourage bulk food donations to food banks. In particular, Mr. Seiden told the committee that Canada, unlike the United States, has no tax incentives for bulk food donations by farmers or large food companies. According to Mr. Seiden, these kinds of bulk donations are at best “revenue neutral”: If we write a tax receipt, they have to include the amount of the receipt in revenue. It is a revenue neutral situation, where they have to include the tax receipt as income and write off an expense for the product. [...] In this country, there is no tax

¹⁷⁷ *Ibid.*

incentive at all.” (*Evidence*, February 6, 2007) Mr. Seiden added that in the case of food importers, the *Income Tax Act* actively discourages donations:

We have major food importers who find that it would cost them money to donate food to the food bank system, as I understand it. They bring the food into Canada, discover that there is no market or that the labels have been misplaced, et cetera. They paid certain taxes when it came into the country. If they can certify that the product has been destroyed, they get a rebate of those taxes. However, if they were to donate the product to us, they do not get one. Therefore, it would cost them too much money, so the product goes to the dump rather than to the food bank. To fix that would cost the Minister of National Revenue nothing because those taxes are rebated in any case since the food is being destroyed. That could be a budget item that would cost absolutely nothing.

– *Evidence*, February 6, 2007

The committee notes that there are tax incentives for donations of company shares, art, and land to charitable organizations. It sees no reason why the tax system should treat bulk food donations any differently.

RECOMMENDATION 7-6: The committee recommends that the federal government extend eligibility for its charitable income tax credit to bulk donations of food items. The federal government should also revise relevant legislation in order to offer excise tax rebates on imported food which is subsequently donated to food banks.

(f) Developing Better Measures of Rural Poverty

Finally, the committee believes that Canada needs improved data on the extent of *rural* poverty. By far the most widely used (but unofficial) measure of poverty is the low-income cut-off (LICO) measure. As discussed in our interim report, the LICO measure underestimates the extent of rural poverty because it does not take into account transportation costs. From that perspective, Human Resources Development Canada’s more comprehensive market-based measure (MBM) is superior to the LICO, but the committee is concerned that MBM data may not be as readily accessible; nor does the MBM show any signs of supplanting the LICO as the reigning (unofficial) measure of poverty.

RECOMMENDATION 7-7: The committee recommends that Statistics Canada include some measure of transportation costs in its low-income cut-off (LICO) statistics.

Conclusion

As the OECD has recognized, low incomes are problematic because they limit people's access to essential goods and services, affordable housing, good health, well-being and participation in the social networks that provide support and identity.

– Bill Reimer, Professor, Concordia University,
Evidence, November 9, 2006

This chapter has focused on thinking of poverty in terms of income disparities and, in the case of food banks, nutritional disparities. There is a very good reason for this focus – solving the income problem takes us a long way towards solving a host of other problems. As Bill Goucher, President of the Annapolis Area Food Bank Society, told us:

During my 40 years of teaching in this areas, I was well aware of the number of children who come to school without breakfast or even lunch. Many times, I shared or gave all of my lunch to a hungry child. Many of you know that teaching is demanding, but the difficulty greatly increases when the child is hungry. A growling stomach does not lend itself to an attentive ear.

– *Evidence*, February 22, 2007

That said, several witnesses reminded us that a strict focus on the income aspect of poverty is unlikely to address the problem holistically or permanently. Our notion of poverty and, indeed, any sensible national poverty reduction strategy, must be more encompassing.

Poverty is more than a lack of money. It often also involves a lack of knowledge and strategies to successfully interact within mainstream society and to meet one's needs. This lack of knowledge and strategies can include not knowing how to do a job search, how to apply for a job, how to prepare for a job interview, and then how to become a valuable employee to retain a job. This lack of knowledge extends to care of a rental house or apartment, and to being a good neighbour in order to avoid eviction. Hence, the poor often become victims of the worst landlords. This lack of knowledge certainly also extends to not knowing how to help one's children succeed in school, resulting in a perpetuation of the poverty cycle, so that generation after generation grow up on welfare. This cycle can be broken.

– Verna Beardy, Director, New Beginnings, Steinbech, Manitoba,
Evidence, March 9, 2007

In the next chapters, the committee explores these other dimensions of poverty and, as always, places special emphasis on the rural dimensions of the problem.

CHAPTER 8: EDUCATION – SPEND EARLY, SPEND MORE

Literacy or illiteracy begins even before school. As young people begin to go to school, especially needy young people, they encounter difficulties with language and with behaviour. Children from poor families begin failing their courses as early as in grade 1 or 2. An investment must be made for pre-school children by supporting families that are in financial trouble or other kinds of trouble so that their children can come to school with a fair degree of language skills.

– Robert Pampalon, researcher and geographer,
Institut national de santé publique,
Evidence, May 18, 2007

Many participants described dropping out of school early, some as young as nine years of age. However, all of them regret doing this because they see education as a way out of this present lifestyle. One participant in her thirties described the need to keep children engaged with school, suggesting that this is the most positive pathway to avoid gang involvement.

– Linda Nosbush, Chair, Ministerial Advisory Board on Early Learning
and Child Care for the Minister of Learning, and Fellow,
National Council for Early Child Development¹⁷⁸,
Evidence, March 8, 2007

[S]pend money early, and spend it on education

– Lana Payne, Fish, Food and Allied Workers, Corner Brook, Newfoundland,
Evidence, February 19, 2007

Education: the theme reverberated through every one of the committee's meetings, from Corner Brook, Newfoundland, to Yellowknife, Northwest Territories, through to Prince George, British Columbia, and all points in between. It proved one of those rare policy areas that people from all points along the political spectrum recognized as central, at least in principle, to halting, reversing and eventually eliminating the poverty cycle.

The need for investment in education is especially pronounced in rural Canada, where, as discussed in our interim report, residents tend to have lower levels of educational attainment and to be less literate than their urban counterparts. In 2001, for example, the proportion of people aged 20 to 34 with less than a high school education

¹⁷⁸ Ms. Nosbush's testimony refers to interviews with 15 rural women who migrated to Prince Albert, Saskatchewan, and joined a youth gang.

was 23% in rural areas, compared with 14% in urban areas.¹⁷⁹ A major literacy study released in 2001 similarly found that “residents of urban areas perform better in literacy than residents of rural regions.”¹⁸⁰

While the empirical evidence suggests that low rural incomes and distance from post-secondary educational facilities are a large part of the reason for rural Canada’s lagging performance in education, the committee’s witnesses offered several other explanations. Some argued, for example, that rural Canada’s poor education outcomes may be due to rural attitudes and rural history, to a time not so long ago when there was a relative abundance of jobs that required little in the way of formal education. Sue Rickards, Member of the Board of the Neighbours Alliance of North York, in New Brunswick, said that “at one time, kids could quit school and go to work in the woods, but they can no longer do that. They require better skills to get a job these days. Students need Grade 12 to stack frozen pies at the McCain's plant.” (*Evidence*, February 13, 2007) Dr. David Freshwater, Professor and Director of Graduate Studies for Agricultural Economics, University of Kentucky, similarly told us that:

In the natural resource industries, there has been a wholesale substitution of capital for labour, so there are fewer workers producing the same amount of output. Once again, there has been a huge loss of employment opportunities for people with less than high school or high school educations who 40 years ago probably could have earned a nice income but are now struggling, looking for something else to do.

– *Evidence*, November 21, 2006

Speaking from his experience working with rural youth, Erkki Pohjolainen, an economic development officer with Resources West Inc. in rural Prince Edward Island, told us that:

Adults over the age of 60 years in West P.E.I. recall having to coordinate rides with teachers and so on to get to Summerside so they could attend high school. For the majority of them, schooling ended around Grade 8 or 9. Until recently, youth in the community have lived in their elders' shadows with the mentality that what is good enough for the father is good enough for the son. In some pockets there remains a lack of appreciation for the opportunities that an advanced

¹⁷⁹ Canadian Institute for Health Information, *How Healthy are Rural Canadians? An Assessment of their Health Status and Health Determinants*, September 2006.

¹⁸⁰ David A. Green and W. Craig Riddell, *Literacy, Numeracy, and Labour Market Outcomes in Canada*, Statistics Canada, 2001, p. 18.

education can provide. There remains an attitude of ‘reading a book does not put food on the table.’ That sort of mentality just echoes through in a lot of conversations in really subtle ways, but it is kind of there.

– *Evidence*, February 20, 2007

Bill Goucher, President of the Annapolis Area Food Bank Society and a retired school teacher, told us that “One of the key drivers that contributes greatly to rural poverty is the lack of education or lack of desire to get an education” (*Evidence*, February 22, 2007). Guy Lanteigne, appearing as an individual in Edmundston, New Brunswick, felt similarly, saying he did not think “that education is a deeply held value for everyone. When the least problem arises, people drop out of school. Perhaps less so now, but in my time, 12 or 13 years ago at Bathurst High School, the year started with a class of 30 and finished with a class of 20. Perhaps people do not attach enough importance to education.” (*Evidence*, February 21, 2007)

This attitude is especially prevalent in those few areas of rural Canada where the resource sector, primarily oil and gas, is enjoying prosperity. Diane Martz, Research Manager at the Prairie Women’s Health Centre of Excellence based in Winnipeg, told us that:

Some people working in agriculture actually see education as not necessary and even at times as a liability. We have heard hockey arena stories about people saying there is no point in getting their sons an education when they can go to the oil patch and make good-sized incomes there and do not have \$40,000 debt when they are finished. That is not necessarily the case for females. Farm families have traditionally educated females. That often was a way to give something to the girls in the family as the boys got the farm. Many women I know would probably figure they got the better deal there.

– *Evidence*, November 23, 2006

Other witnesses, however, placed part of the blame on declining financial resources for rural schools. Claude Snow, the spokesperson for a New Brunswick-based activist group called the Comité des 12 pour la justice sociale, said for example that:

There are not enough resources in the schools to assist students who are having trouble. These are children who disrupt the class, and the only solution that teachers have is to suspend them from the school system and to send them home. It is a real tragedy to have so many children at home during school hours watching television and doing nothing at all, when they should be in school. This

is a serious tragedy, because they become adults who are not educated and who need remedial school classes in order to prepare to enter the labour force.

– *Evidence*, February 21, 2007

The Reverend Christine O’Reilley, Minister for Knox Presbyterian Church of Thedford and Watford, Ontario, made a similar point and noted that the decline in the range of courses available in rural Canada also weakens attachment to schooling:

[T]he cutbacks that we have seen in our schools bring great sorrow to my heart. We no longer offer even a music program in most of our schools in Ontario. The arts programs have been cut back so that it is left to the classroom teacher to try to put together some kind of music program. Not all classroom teachers are musically gifted or have the appropriate teaching, but we no longer have the music teachers that travel from school to school.

– *Evidence*, June 7, 2007

Whatever the reason for rural Canada’s relatively poor education outcomes, there was widespread agreement among our witnesses that additional, better-targeted investment in education would go a long way towards addressing the problem of rural poverty in the long term.

The Early Years: Early Childhood Education and Daycare

In his testimony, Michael Goldberg, Chair of First Call: The BC Child and Youth Coalition, made it clear that governments should begin “in the beginning” by investing heavily in daycare services run by childhood education specialists: “We know that we get the biggest bang for the buck if we can beef up and strengthen the early childhood development and education component, in addition to continuing education as adults, let alone all the education in primary and secondary that falls under provincial jurisdiction.” (*Evidence*, November 7, 2006)

Just how big is the “bang for the buck”? Verna Beardy, a director at New Beginnings, an organization that works with the Aboriginal population in Thompson, Manitoba, told us that a U.S. study found that for each dollar invested in early-childhood education, society gained at least \$7 in return because of the resulting decrease in criminal activity, improved education outcomes, and better job prospects among participants:

The Perry preschool study followed a group of children to the age of 27 and compared them to peers in the same neighbourhoods who did not attend preschool. These children came from at-risk homes, yet after two years of preschool they went on to be considerably more successful than their peers. They went on to graduate from school, launch careers, purchase homes and vehicles, and even had more stable marriages. Many of their non-preschool peers experienced numerous arrests resulting in costs to the judicial system. They dropped out of school, ended up on welfare, and had broken relationships and marriages. The preschool graduates became taxpayers, whereas their non-preschool peers became a drain on the judicial and welfare system. The Perry preschool study quantified findings estimating that over participants' life times, the public receives a \$7.16 return for every dollar it originally invested.

– *Evidence*, March 9, 2007

Ms. Beardy also noted that the federal government's Aboriginal Head-Start Initiative, which she said was inspired by the Perry preschool study and currently provides some 5,000 preschool spaces across Canada, is producing similar results in many rural Aboriginal communities:

We see gains in the parents' lives within a few years of involvement with Aboriginal Head Start. Consequently, the actual dollar return is more immediate and is much, much higher than that stated in the Perry preschool study. [...] If Canada invests millions now, it will reap returns of billions beginning in the near future. [...] Suppose Head Start was expanded to make spaces for all Canadian children living in poverty, Canada would make a giant stride toward eliminating poverty.

– *Evidence*, March 9, 2007

In addition to these kinds of longer-term societal savings, licensed daycare services have a potentially more immediate impact on poverty. Ms. Martz told us that “child care is a huge piece in order for women to work or to improve their education, establish a career or provide additional income — because two-income families are less likely to live in poverty — and to begin to establish some security for when they retire.” (*Evidence*, November 23, 2006)

In rural Canada, young families have traditionally relied on informal home-care services for their children, often delivered by members of their extended family or close friends. In rural communities experiencing depopulation, however, these opportunities are increasingly rare. Even where these informal services are available, they are often inadequate, as Ms. Martz noted “Women will often set up a daycare in their homes while

their children are young but they do not see this as a long-term career. Therefore, they do not get educated and licensed in child care. In today's world, to run a licensed child care you need to have an early childhood education certificate and so on.” (*Evidence*, November 23, 2006)

Ms. Martz added that most home-based daycare services operate on a very tight 9-5 schedule that does not meet the changing labour-market needs of many rural women, especially low-income women, who may have to work shifts at facilities such as the local hospital, meat-packing plant or 24-hour big-box store. Lisa Lambert, Project Coordinator at Womanspace Resource Centre in Lethbridge, Alberta, said her organization’s survey (through interviews) of rural women in southwestern Alberta found similar problems with home-based child care:

The lack of adequate child care was a prominent concern among women in rural Albertan communities. Many women interviewed had to rely on family or friends to care for their children, leaving them ineligible for child care subsidies. Access to care outside 9 to 5 hours was troublesome. This lack of access impacted the ability of rural women to secure many jobs that were available. It meant rural farmers were unable to access child care. When they need it, they often need it for 16 hours or 18 hours a day, not from 9 to 5.

– *Evidence*, May 15, 2007

While the need for licensed daycare services in rural Canada may be great, the availability of licensed daycare spaces is impeded by the fact that small and rural towns often lack both the population base and the income necessary to make a privately run facility viable. Ms. Martz’s research shows, for example, that even in a relatively vibrant small town like Humboldt, Saskatchewan (population 4,998 in 2006, down 3.2% from 2001), there are virtually no licensed child care spaces:

The child care piece is critical in rural areas. In the Humboldt area, we did some work on that as well. Only 1.9 per cent of the children under 12 years of age had access to licensed child care spaces. Even rural parents would like to have licensed spaces because for them it is an assurance of quality in child care. Without licensed facilities, you cannot get any kind of subsidy. We need that.

– *Evidence*, November 23, 2006

Because of the lack of services in rural Canada, many rural residents are forced to drive their children to licensed daycare facilities in nearby urban centres, with all the

attendant costs and risks that this travelling, often on poorly maintained and dangerous rural roads, entails.

The majority of our witnesses believed that the best way to address the daycare and early-childhood education needs of rural Canada would be for the federal government to introduce an early learning and child care program that is sensitive to those needs. Therefore,

RECOMMENDATION 8-1: The committee recommends that the federal government work with the provinces and territories to introduce an early learning and child care program that is sensitive to the needs of rural Canada.

Rural Youth: Keeping Young People in School

If you are not motivated, and the school system is not really geared to everybody's way of learning, it is very easy to drop out of school.

– Diane Swinemar, Executive Director of Feed Nova Scotia,
Evidence, February 6, 2007

While better and more widely available daycare facilities might encourage a greater percentage of rural youth to stay in school longer, they cannot by themselves address the problem of low educational attainment in rural Canada. This problem is especially acute for young rural males, many of whom are, as we suggested earlier, caught between two eras, namely, a (mostly) bygone era when their fathers, uncles and grandfathers were able to find well-paying jobs in traditional industries requiring little in the way of formal education, and a new era when the agriculture, forestry, fisheries, mining and manufacturing sectors often require a college education or better. Peter Apedaile, Professor Emeritus at the University of Alberta's Department of Rural Economy, told the committee that the problem with young rural males is especially acute in his area of Smoky Lake County in northern Alberta.

Thirty per cent of our males in our 20-to-35-year cohort in Smoky Lake County in the last census had finished high school. Of those that had finished, less than 10 per cent went on to anything else that you could call post-secondary education. For our women, 90 per cent had finished high school, and of that 90 per cent, more than 35 per cent had post-secondary schooling of some type.

– *Evidence*, November 9, 2006

This transition between eras is taking place against a long-term trend of emphasizing the benefits of a university education and downplaying the benefits of an education in skilled trades and other vocations. Canada is now paying the price for this trend in the form of serious shortages of skilled labour in both rural and urban Canada, as Charles Cirtwill, Acting President of the Atlantic Institute for Market Studies, explained:

In the late 1960s and early 1970s we embraced post-secondary education and, in particular, universities. It is not that having a university degree is a bad thing. The problem is the unintended consequences of convincing everyone that they should have a university degree. We started with the assertion that everyone could go to university. Then we switched that to everyone should go to university. This assertion was a direct if unintended attack on rural communities. It devalued the skills and expertise needed to fill many of the trades-related tasks common in rural life. It created an environment where it was okay to see critically important work as demeaning because that work did not require a university degree. It even allowed us to devalue the skilled trades, which require a lot of training, because somehow taking that training meant people were less intelligent than those who went to university. This effort to encourage people to take university training is part of the reason why we find ourselves with a skills shortage and a gap. We have convinced our young people that having these skills is not of value. They listened and now we do not have those skills.

– *Evidence*, February 15, 2007

A number of our witnesses suggested that at least some of the blame for relatively low levels of educational attainment in rural Canada lies in a mismatch between what is taught in school and what many young people see when they look around at local job opportunities. For young people with an aptitude for academic, conceptual learning, the system works well. For everyone else, it does not work so well. Sue Rickards, for example, told us that the rural school system “does not contribute to broadening their horizons because there is not much in the curriculum for them. The school system is geared to those who will move on to post-secondary education, but 75 per cent of our kids do not move on.” (*Evidence*, February 13, 2007)

Dr. Ivan Emke, a professor at Sir Wilfred Grenfell College Campus, Memorial University’s satellite campus in Corner Brook, Newfoundland, told the committee that his research bears this claim out.

A couple of years ago, with the Government of Newfoundland and Labrador Rural Secretariat, in relationship to capacity building, we did some studies of Grade 7 and Grade 8 students in Southwestern Newfoundland. We were interested in the possibilities of them staying in the area. This was driven by a concern that we would experience a gap in skilled trades and how we would deal with it. We wanted to know whether a bias exists on behalf of guidance counsellors, parents and so on to get kids to go to universities. We found that there is a demographic of young men in Grades 7 and 8 who are interested in things like being independent, working outside, working with their hands and so on, staying in rural Newfoundland or staying in a rural community. This demographic of young men would have an opportunity, if they were streamed toward those skilled trades and had access to, say, College of the North Atlantic. One of the unfortunate things is that there is still a bias against skilled trades sometimes.

– *Evidence*, February 19, 2007

David Bruce, Director of the Rural and Small Town Programme at Mount Allison University in New Brunswick, made a similar point, noting that “I am not an education system expert, but my general observation is that a number of students could probably benefit from completing high school in programs that are not necessarily geared for moving students on to university but more for entering the trades programs and other kinds of meaningful employment that is required in our society. (*Evidence*, October 26, 2006)

While this mismatch is clearly cause for concern, the committee was heartened to learn of an innovative schooling experiment for young people at high risk of dropping out. In June 1998, a dozen volunteers from the Municipalité Régionale de Comté du Granit (MRC du Granit) joined together to start what is called a Maison Familiale Rurale (MFR) in Saint-Romain, Quebec. The MFR concept was developed in southwest France in 1937 by interested parents and supported by a parish priest who championed rural causes. They believed that education and skills learning were key to becoming a successful farmer. Today, there are more than 1,000 MFRs in 30 countries around the world providing general and vocational education tailored to students’ rural labour needs. When it opened in 1999, the Saint-Romain MFR school was the first of its kind in North America. Since then, two others have been established in rural Quebec. In response to inquiries, the schools banded together in 2003 to create MFR-Québec, an organization aimed at promoting and supporting the development of new MFRs. According to André

Campeau, President of MFR-Québec, the MFR concept is designed to fill an important educational gap that is all too common in rural schools:

In Quebec, approximately 35 per cent of youths do not finish high school. Some of them even enter the labour market with no training. To address this issue, we looked for a solution that might respond to the specific needs of youths who are manual learners. In Quebec, the regular school system is designed more for auditory learners, who have the ability to learn by listening to a teacher explaining things at the blackboard. Manual learners need to touch things in order to understand. The school system is not suited to youths 14, 15 or 16 years of age who are searching for their identity and who, because the law allows them to do so, leave school at the age of 16 with a second year of high school. So they enter the labour market directly with little or no training. It is for these youths that the MFRs were created.

Text Box 8-1: An Overview of the MFR Concept

Youths entering the MFR schools in Quebec are usually at the grade 9 level, i.e., 14 or 15 years old. Students follow the regular provincial curriculum for two weeks each month; the other two weeks are spent on the premises of a local instructor who takes full responsibility for boarding, food, and supervision. Instructors also contribute \$5 per week to a fund used to pay for a final two-week work term in France. MFR teachers visit instructors in six of the 10 work sessions to monitor the situation.

During the school portion of their studies, students are on-site 24 hours a day, i.e., 12 hours in class and 12 hours in residence. Parents pay \$300 a month to cover boarding, food, activities and adult supervision.

The provincial Department of Education – *not* the local school boards – covers the costs of providing the provincial curriculum. Once students reach grades 11 and 12 and are ready to enter a Collège d’enseignement général et professionnel (CÉGEP), they are eligible for the same provincial education funding available to other students.

Class sizes in MFR schools range from 12 to 15 students, roughly half the average in non-MFR schools. According to Mr. Campeau, the work portion of the school is especially valuable because it enables youths “*to validate their interests, and often after completing their high school education, they will complete related or unrelated training, depending on their interests... They validate their interests through work. That is what is important to understand.*” (Evidence, May 15, 2007)

– Evidence, May 15, 2007

Mr. Campeau described the MFR approach as a “three-legged” Cooperative. The first leg is the local parents, who are responsible for running the boarding school where the students spend half of each month, and for teaching the students how to share and live as a group. The second leg is the local school board, which teaches the provincial curriculum. The third leg is local volunteer employers or instructors, people who board the students during the other half of the month and teach them a trade in the hands-on way these at-risk youth understand. Text Box 8-1 describes the MFR program in more detail. Apart from its volunteer-based co-operative structure and its sensitivity to local rural needs, the most remarkable thing about the MFR program is its impressive success

rate. According to Mr. Campeau, the Maison Familiale du Granit has been operating at full capacity for the last three years, drawing students from near and far – some 10% of its students actually come from urban settings. Its high-school completion rate is similar to the province-wide average, i.e., 67%, a striking success considering that most of its students are young people at high risk of dropping out. Moreover, some 90% of its students graduate with some form of vocational school diploma.

Since 1999, about 40% of the students who attended the Maison Familiale du Granit have gone on to some form of higher education, including college and university. According to André Campeau, “That is incredible. The parents could not believe their eyes” (*Evidence*, May 15, 2007). Moreover, Mr. Campeau says that most of the students stay in rural Canada, thus helping to halt rural out-migration. The MFR concept has proved so successful that there are now 15 “promoter groups” across the country with plans to start up MFRs in other provinces, including Ontario, Manitoba and Alberta.

Despite these successes, the MFR concept faces some serious hurdles relating to financing and jurisdictional issues. On the financial side, the program’s relatively high cost and the lack of strong provincial support discourage some low-income families from sending their children to the school. Mr. Campeau related the following story:

One woman came with me last fall to send her two sons to us. She was a single parent working at a small plant for minimum wage or a little more. Ultimately, she did not send them to our centre. Poverty was really the issue. There is a minimum amount that the parents can bear, and we are aware that we lose students as a result of that and that that does not render service. We are in the process of thinking about means.

– *Evidence*, May 15, 2007

Jurisdictionally, local school boards in Manitoba and some parts of rural Quebec have successfully resisted proposals to create new MFRs largely because of concern about the potential loss of revenue that occurs when a student leaves the regular school system. According to Mr. Campeau, “Public institutions look at us and often see us as a threat because the youths who come to us take away their funding.” The casualties, as always, are the students who wind up “in the labour market at the age of 16 or 17 because they were unable to continue their education. These are youths who will always have trouble in life. As you will understand, a youth who has only a grade nine or 10 education will

find it extremely difficult to go back to adult school to finish high school, as a result of financial obligations and so on.” (*Evidence*, May 17, 2007)

The MFR concept faces a second jurisdictional hurdle. Since their origin, the MFRs in Quebec have received financial support from the federal Rural Secretariat under its models program. While this situation has not yet caused any serious federal-provincial friction, it has the potential to do so because high-school education is strictly a provincial area. André Campeau, however, believes that the federal government can play a role despite jurisdictional dividing lines: “Despite the fact that education is a provincial jurisdiction, we believe that the federal government should help the provinces implement initiatives like the MFRs in order to raise the level of education of the next generation of farmers and enable the rural regions to train their youths locally and thus to combat the rural exodus.” (*Evidence*, May 17, 2007)

The committee agrees with Mr. Campeau. While the federal government must respect provincial responsibility over education, it should not let the existence of such dividing lines overrule the propagation of sensible policies for rural Canada. In the words of Dr. Emke, it is a matter of paying now or paying later: “This whole burgeoning group of young men without a trade or a career path is an example of paying later; in other words, we will end up with bigger problems, ones we will all pay for, if we do not invest earlier to try to give them some career path” (*Evidence*, February 19, 2007). The committee believes the time to invest is now, and the approach to take has been clearly marked out by the MFR concept.

RECOMMENDATION 8-2: The committee recommends that the federal government direct the proposed Department of Rural Affairs to begin talks with provincial/territorial governments to fund additional Maison Familiale Rurale projects in rural areas across Canada. As part of this funding, the federal government should provide financial assistance to low-income Canadians, rural or urban, who want to attend MFR schools.

Increasing the Range of Educational Services in Rural Canada

We are having a problem with performance in our rural schools in Alberta. Our rural schools, with a few exceptions, tend to rank very low. Our schools in Smoky Lake rank down around the 500 or 700 level in the ranking of just under 800 schools. We are doing everything we can with our school board, but I think that rural/metro school twinning might be helpful.

– Peter Apedaile, Professor Emeritus,
Department of Rural Economy, University of Alberta,
Evidence, November 9, 2006

In rural Canada, schools are more than just places where children and youth earn an education. They are also the hub and lifeblood of the community. When the local school goes, all too often so does the community. Ray Orb, from the Saskatchewan Association of Rural Municipalities, told the committee that in his province, some 52 rural schools are slated for closure, a number that coincides with the number of rural hospitals closed in that province in the 1990s: “We think these closures put rural Saskatchewan at a disadvantage. The cities have it easier here. It is much easier, of course, to make a livelihood in a larger urban centre. Closures also cause people not to have a desire to move to rural areas.” (*Evidence*, March 8, 2007) Donna Mitchell, Executive Director of the Rural and Co-operatives Secretariats at Agriculture and Agri-Food Canada, told the committee that many communities view their schools (and hospitals) as vital to their communities: “Schools and hospitals are in the provincial jurisdiction but they are still government institutions, and people view them as important to their viability.” (*Evidence*, October 17, 2006)

Clearly, schools are important in and of themselves for rural communities. It is also clear that, due to their small student populations, most rural schools cannot offer the full range of courses and extra-curricular activities found in urban schools. Sometimes, as Professor Apedaile suggested, the quality of education also suffers. The question then becomes: what kind of policies or programs would help rural schools stay open while offering a broader range of programs and extra-curricular activities to students who might otherwise lose interest in school?

According to Professor Apedaile, one solution is for rural schools to partner with urban schools so that rural students may, for example, take courses offered in urban areas through video conferencing. If rural areas are relatively close to an urban centre, the local school boards might also consider working out a transportation agreement. One of the fringe benefits of this approach is that it may better prepare students who are destined for university and will be competing with urban peers who have had the advantage of accessing a wider range of scholastic programs. It may also go some way towards alleviating some of the potential disenchantment that sometimes sours these university-bound students on the possibility of returning to their rural roots, by showing them ways to work around some traditional rural disadvantages. Dr. Freshwater insisted on this point:

I went to a small college in Kentucky that has very clever kids. We were talking about rural development and they said that one reason they leave is because they have a miserable time in high school. [...] Because these bright kids did not have a strong positive experience through their high school years, they left and did not want to come back because they did not see the community as the kind of place where they wanted to live as adults. It starts in the school system by trying to get people to attach to their communities. If and when they go away, they will think more about coming back. Clearly, it has to do with whether there are opportunities.

– *Evidence*, November 21, 2006

In his presentation, Dr. Mark Partridge, professor of economics and holder of the Swank Chair in Rural-Urban Policy at Ohio State University, urged rural communities within a 200-kilometre radius of a major urban centre to look at ways of leveraging urban growth so they can gain the critical mass of population necessary to provide a broader range of services, including expanded educational opportunities. Dr. Partridge also urged more cooperation among rural communities for much the same reasons.

The committee was told that, to support the retention of local schools, rural communities need to work with local school boards to do a better job of making full use of those schools' valuable physical infrastructure. Concordia University sociology professor Bill Reimer, for example, told the committee that “in general those institutions are tremendously underused within all communities but it becomes particularly important within rural areas. Some of the issues are insurance issues some of them are cost issues

and some are the past pattern of use There are tremendous amounts of simply physical and knowledge-based resources there.” (*Evidence*, November 9, 2006)

A number of witnesses also argued that rural schools stand a better chance of staying open if they can offer their students a broader range of courses using distance-education services. Anna Sawicki is Secretary-Treasurer of the Canadian Network for Innovation in Education. She told the committee that

although some high schools in rural areas cannot offer certain courses because there are not enough people to teach the courses and, in some instances, there might not be an instructor. If there is an instructor 50 kilometres away or even 100 kilometres away and the school has video conferencing facilities, then the students, no matter the number, have the opportunity to take the course, as they should have. As I mentioned before, long distance charges are minimal, depending on the service provider. In some cases, there are no long distance charges. In that case, if an instructor can be found, then the students can have the opportunity, whether at the high school, college or university level. I would like to think that will happen more and more.

– *Evidence*, December 4, 2007

As Ms. Sawicki and many other witnesses emphasized however, the potential for distance learning to improve the range of opportunities in rural Canada is limited by the restricted access to high speed internet services in rural Canada discussed in Chapter 6. These restrictions also mean that rural students lose out on a whole range of informal educational opportunities, including the ability to tour virtual museums or science centers, learn about other cultures online, access immense archives of research material, or simply foster online friendships with students from other regions and other countries. Similarly, teachers miss out on the opportunity to use the Internet as a creative teaching tool. Fred McGregor, a witness at the committee’s hearings in Maniwaki, Quebec, expressed the frustration felt by many rural residents: “People say we could use the Internet for education, but it is patchwork in rural areas. I live in a community where one third of the community has high speed, one third has telephones and the other third barely has telephone, let alone the internet. In this day and age, that is our reality in the rural area.” (*Evidence*, June 8, 2007) Robert Annis, director of the Rural Development Institute at Brandon University in Manitoba, expressed similar concerns:

Many of the smaller schools are dealing with the issue of declining enrolments. One of the solutions around that is increasing use of technologies, broadband connectivity and the ability to link to distance teaching. Unfortunately, many schools in rural and northern settings are not adequately served with broadband. Broadband service should be available from coast to coast to coast. The new railroad and the highway infrastructure should not be an impediment to rural and northern peoples. It serves in a way, and if it is not there, it becomes a barrier to thinking creatively about new solutions.

– *Evidence*, March 9, 2007

The committee firmly believes that rural students must be given the same broad educational opportunities as their urban counterparts. This is a matter of fairness and citizenship. The federal government can help achieve this goal by acting on the recommendation to expand broadband access in Chapter 6. It can also help rural communities by acting as a repository of “best practices” in terms of rural-urban partnerships, coordination among rural communities, or using rural schools to their full potential.

RECOMMENDATION 8-3: The committee recommends that the proposed Department of Rural Affairs study any existing and potential rural-urban school partnerships, shared schooling services among rural communities, and options for using rural schools to their full potential. This information should be shared with provincial and territorial ministries of education.

Improving Access to Post-Secondary Education

Once they finish high school, rural students who want to pursue their education are often compelled to leave their communities for distant urban centres. This transition confronts them with a number of challenges over and above those encountered by most of their urban peers. Among other things, they have to leave behind high school friends and their family, and must adapt to a culture and physical environment often quite different from that of their earlier years. They incur additional costs for food, accommodation and moving expenses because they cannot live in their parents’ home. They must also bear the costs of travelling back and forth to their community for major holidays and the summer period. If they choose to stay in the city for better summer job opportunities, they must earn enough to pay for room and board, and try to save some money for the following school year.

These are all formidable obstacles to pursuing a college or university education and may account, in part, for the lower levels of educational attainment in rural Canada. There is, of course, very little the federal government or any government can or should do to ease the process of adapting to urban life; but there are things governments can and should do to lessen the financial burden on rural residents of attending urban colleges and universities – a burden that, according to our witnesses, has increased steadily over time and that may be accelerating rural out-migration. Mount Allison University’s David Bruce told the committee that:

We have heard many stories about people lamenting the fact that so many have to go to Central Canada or to the tar sands in Alberta for a minimum number of years just to reduce their student debt to a manageable amount. It is becoming a big part of what is driving the out-migration from rural communities. Of course, another part of it is the natural mobility of labour, which we cannot stem. However, when people do not have the opportunity to return to their hometowns to begin their own businesses or to be gainfully employed because they are carrying such a heavy student debt load coming out of post-secondary education, then we need to look seriously at alternative ways of nurturing the next generation workforce. We have to nurture the next generation without unduly burdening them with exceptionally high student debt.

– *Evidence*, October 26, 2006

From what the committee has learned, both federal and provincial student loans programs do not fully account for the added costs incurred by rural students when they attend post-secondary institutions in distant urban centres. A 2003 study of Canada’s student aid system found, for example, that while Canada’s student aid programs “do a reasonable job of measuring financial need and targeting assistance,” the programs have increasingly developed a “bias against high need students (rural, mature students with dependents)” (emphasis added).¹⁸¹ Bob Barber, Chief Executive Officer of the Carlton Trail Regional College in Humboldt, Saskatchewan, told us that in Saskatchewan, the current student loans program does not always meet the needs of rural youth: “For student loans in Saskatchewan, individuals were given a monthly travel allowance to travel to and from class. A \$40 allowance for a rural student may mean two trips by car to the college. A \$40 allowance to an urban student may mean the month’s bus pass. The

¹⁸¹ Fred Hemingway, *Assessing Canada’s Student Aid Need Assessment Policies*, 2003, p. 1, available at: http://www.millenniumscholarships.ca/images/news/assessing_en.pdf; emphasis added.

inequity is apparent, because obviously the situation is different. We need to examine that inequity in a different light.” (*Evidence*, March 8, 2007)

Even if federal and provincial student loans programs fully factored in the need for additional assistance to rural residents, the prospect of a large post-school debt load can discourage post-secondary enrolment. The BC Child and Youth Coalition’s Michael Goldberg suggested that governments make a greater effort to factor in the extra costs incurred by rural students when they attend post-secondary institutions in urban centres: “I would argue that we should consider, for people living in rural Canada, an enriched subsidy to enable kids to leave rural Canada and come to urban universities and colleges to experience what it is like. In that way, they will see both the good and the bad of urban and rural life. However, the costs for rural children to attend university in an urban setting are outrageously high.” (*Evidence*, November 7, 2006)

Terry Anne Boyles, vice-president of the Association of Canadian Community Colleges (ACCC), told the committee that while there have been improvements to the design of the Canada Student Loans program, more work needs to be done because “In a rural or remote area of the country with no access to transportation, even if the college is within the immediate region, costs are substantially higher” (*Evidence*, December 4, 2007). Indeed, a major national task force organized by the ACCC recommended, amongst other things, that any new student loan / grant system (what the ACCC calls a “Learner Support System”) should “reflect regional costs of living, and provide for transportation costs.”¹⁸²

The committee agrees with Mr. Goldberg and the ACCC. There is clear evidence that distance from a post-secondary institution is strongly associated with reduced post-secondary enrolment, and cost is likely an important underlying cause for this empirical fact.¹⁸³ Federal and provincial governments should therefore make every effort to adjust

¹⁸² Association of Canadian Community Colleges (ACCC), “Addressing Student Debt: A New Post-Secondary Learner Support System,” available at: http://www.accc.ca/ftp/pubs/brochures/2001_student_debt.pdf.

¹⁸³ A 2002 Statistics Canada study found that, after controlling for a variety of demographic variables (gender, parental education, family income), students living beyond 40 kilometres from a university are only 63% as likely to attend university shortly after high school as students living within 40 kilometres from a university. Students living beyond 80 kilometres from a university are only 58% as likely to attend

their student loan and grant programs to level the playing field between rural and urban youth. In so doing, governments might encourage greater post-secondary enrolment by rural youth and help reduce long-term rural out-migration by lessening the need for rural youth to work in urban centres to pay down large student debts. The committee notes that in Budget 2008, the federal government announced new, streamlined, Canada Student Grant and Canada Student Loan programs that will take effect beginning in 2009-2010. It is unclear to what extent these new programs will factor in rural needs. The government should take into account the needs of rural Canadians.

RECOMMENDATION 8-4: The committee recommends that, in designing the new Canada Student Grant Program and Canada Student Loan Program, the federal government structure the funding formulas to fully account for the costs faced by rural youth. The objective should be to level the playing field between rural and urban youth.

While the committee believes that rural youth benefit greatly from the experience of living and studying in urban Canada and should be assisted financially if they wish to do so, it also believes that rural youth should have the opportunity to pursue a higher education in a more rural setting, whether through traditional brick and mortar facilities or through distance learning. According to Dr. Emke from Sir Wilfred Grenfell College Campus in Corner Brook, a recent Statistics Canada study found that building more colleges and universities in rural Canada increased rural post-secondary enrolment at institutions in both rural and urban Canada.¹⁸⁴

It revealed that as new universities are set up in small communities, the percentage of the youth who go on to post-secondary, and not necessarily to that campus, but go on in general, increases. Corner Brook was one of the sites for that study, as well as Prince George, B.C., and a number of other communities where in the last 20 years they have had a degree-granting institution developed. In terms of building capacity, it is important that small universities be set up in smaller regional communities. That was an example that vindicated this argument that indeed, young people realize, by having a university within the local culture, the advantage of going on. The advantage for Corner Brook is that in some other places the university education increases, but the community college level

as students living within 40 kilometres. See Marc Frenette, *Too Far To Go On? Distance to School and University Participation*, Statistics Canada, June 2002, pp. 22–3, available at: <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2002191.pdf>.

¹⁸⁴ Statistics Canada, 25 January 2007, “Study: Postsecondary attendance among local youth following the opening of a new university,” available at: <http://www.statcan.ca/Daily/English/070125/d070125a.htm>.

decreases, but that did not happen in Corner Brook. So in our market there have been as many people continuing to go on in terms of community colleges as before, but university has increased.

– Evidence, February 19, 2007

David Bruce from Mount Allison University and Dr. Bruno Jean, Canada Research Chair in Rural Development at l'Université du Québec à Rimouski told the committee that the Province of Quebec seems furthest along in recognizing the many benefits of setting up post-secondary institutions in rural areas. According to Dr. Jean, the province's efforts have already yielded some positive results.

Text Box 8-2 : The Importance of Post-Secondary Institutions for Rural Economies

Once established in a rural area, post-secondary institutions can do more than just provide an opportunity for local students to study in a familiar setting. They can also act as an important economic engine for rural areas by employing hundreds of people in good paying jobs and, less directly, by helping diffuse technical expertise and knowledge that can be used to develop new industries that are appropriate and sustainable given the local context. The Association of Canadian Community Colleges (ACCC) for example partnered with the Rural Secretariat a few years ago to promote what is known as the "Rural Knowledge Cluster Model." Simply put, the cluster models looks at ways that community colleges can take specialized knowledge from the education field and apply that knowledge in the local community for commercial ends, the ultimate goal being to generate economic activity and economic growth in rural areas. In the language of rural studies, the goal is to "contribute to rural community capacity building and rural development." The ACCC drew its inspiration for the rural knowledge cluster approach from the United States, where "the American community college systems have examined how community colleges can support emerging state cluster-based economic development strategies. Within a rural context, community colleges and universities in the U.S. have provided technology and specialized workforce training to support rural knowledge clusters which have become models of high performance rural economies."

Until recently, the ACCC and Rural Secretariat had three such models in place across the country, namely the Value-Added Forest Products Cluster at the Collège Boréal in North Eastern Ontario, the Geomatics Innovation Cluster at the Nova Scotia Community College in Annapolis and the Tourism Knowledge Cluster at the College of the Rockies. Funding for the models expired at the end of March 2008.

The ACCC and the Rural Secretariat are in the process of studying the results of these models, although Ms. Boyles from the ACCC described initial results of the program as successful and noted that the Rural Secretariat has asked "[...]us to showcase this in France, Iceland, the United States and across Canada. It has real potential" (Evidence, December 4, 2007).

Source: ACCC website, "Building on the Rural Knowledge Cluster Model," available at: <http://www.accc.ca/english/services/rkc.htm>.

I am firmly convinced that a university exerts a real influence on a region's economic prosperity. For those of you familiar with the province of Quebec, I have often cited the example of the Bas-Saint-Laurent and Gaspé' regions. To quote a former rector of the Université' de Rimouski, the tragedy of the Gaspé' is that it has no university. ... The small city of Rimouski created a centre for the new economy and a multitude of jobs. And this produced a diversified economy. There were jobs in all sectors, that is, agricultural, forestry and new technologies.

We believe that the university played an extremely important role in helping organizations, individuals and private companies within this region. The university therefore had an enormous impact on the region.

– *Evidence*, October 26, 2006

Distance learning also has the potential to expand the range of post-secondary offerings in rural Canada. Chris White from the Rural Ontario Municipal Association described the Internet's potential in this respect as nothing short of revolutionary: "It is also as simple as bringing high-speed Internet and broadband into some of the communities that do not have access to that so that you can have Internet courses. You do not even need bricks and mortar. The concept of pulling people into the urban areas just to get an education is outdated, with today's technology. Investments in broadband might be one answer." (*Evidence*, March 27, 2007)

Increasing the range of distance learning opportunities could also play an important role in easing Canada's severe shortage of skilled workers and helping thousands of laid off forestry workers find new work. Pat Vanini, executive director of the Association of Municipalities of Ontario (ARM), told the committee that major investments will be required before this potential can be realized:

As part of the trades apprenticeship program you still have to take training courses. If you are in rural Ontario, having that technology would facilitate that piece of the puzzle as well. How to get there is the question. It will take dollars to put in such facilities. From what I understand from people who do training on-line, it is not as dynamic as interface with some expert, even through a teleconference in a classroom.

– *Evidence*, March 27, 2007

While education is of course largely a provincial matter, the federal government plays an important and often quite direct role in college and university funding in a variety of ways above and beyond its student loan and grant programs. For example, it funds Canada Research Chairs, a program that has a proven track record of drawing top international academic talent to Canada and to rural areas. It can also work through its regional development agencies to help fund feasibility studies on creating new or expanded programs at existing rural colleges and universities. FedNor, for example, played an important role in getting the Northern Ontario School of Medicine off the ground by funding the original feasibility study (discussed in more detail in Chapter 12).

The federal government also funds distance education projects through the Office of Literacy and Essential Skills (OLES), which is discussed in more detail below in the context of adult literacy.¹⁸⁵ In short, the federal government has a clear role to play in fostering post-secondary education in rural Canada both from a bricks-and-mortar perspective and from a distance learning perspective. It should use the tools at its disposal.

RECOMMENDATION 8-5: The committee recommends that the proposed Department of Rural Affairs work with relevant government departments and agencies to spearhead a strategy aimed at expanding the range of college and university programs available in rural Canada through physical facilities and distance learning approaches.

Helping Those Left Behind: Addressing Literacy and Education Issues Among Rural Adults

In my opinion, improved literacy and education could really get to the heart of the problem. We cannot build anything with a population that does not have enough education or literacy.

– Guy Lanteigne (testifying as an individual),
Evidence, February 21, 2007

The greatest freedom from poverty is to deal with the issue of literacy.

– Jeanette MacAulay, Deputy Minister, Department of Social Services and Seniors, Government of Prince Edward Island,
Evidence, February 20, 2007

Literacy is what determines your socioeconomic status today, and it will be a determinant to the socioeconomic status of your children and have that generational effect.

– Dr. Jan Roberts, Medical Health Officer, South Eastman Health, Manitoba,
Evidence, March 9, 2007

So far in this chapter, the committee has looked at ways of addressing rural access to daycare, stemming the flow of rural high school dropouts, offering a broader curriculum in rural Canada and making higher education more affordable and more available to rural

¹⁸⁵ In the past, the federal government has also funded research and development (R&D) into distance learning through the Natural Sciences and Engineering Research Council (NSERC). See for example, NSERC, “Federal Government Contributes \$7.5 million for Research and Development Learning,” 16 October, 2003, available at : <http://www.nserc.ca/news/2003/p031016.htm>.

Canadians. There remains, however, the question of how best to help rural adults who are out of the school system and often lack the literacy and numeracy skills necessary to keep their existing jobs or find new ones. As Erkki Pohjolainen emphasized, literacy and numeracy skills have become the basic condition for participating in the rural economy.

More and more farmers are being asked to become modern business men and women so that their operations can make money and they can increase yields. Modern business practice needs literacy and numeracy skills. Farmers need to mix chemicals, calculate yields, determine prices and costs of production. All these activities require both literacy and numeracy skills. If they are not done well it can be costly and dangerous. Government adds to the need for literacy skills. Farmers must adhere to a number of provincial regulations about their farm practice. Income stabilization programs, production insurance and risk management programs all require sophisticated literacy skills so that the farmer can read and understand all the implications. New pesticide regulations are an example of an area that needs understanding in order to prevent workplace injuries. Labels on chemical containers are not always written in plain language. Safety warnings are sometimes represented by symbols that not all people can understand. Supervisors may be in a rush to get the work done and time for training on new equipment or with new materials is sometimes overlooked. We have heard lately in the news that workplace injuries in Alberta have increased dramatically because new migrants do not have the reading skills needed to keep them safe.

– *Evidence*, February 20, 2007

Although his comments were not directed at literacy or numeracy per se, David Freshwater candidly noted that while older workers need retraining, they often lack the skill-set to properly absorb what they learn and that these problems become more pronounced the longer someone is out of the workforce.

Part of the problem we face is what to do with the 30- to 40-year-olds who have less than high school education, have few opportunities and are lousy candidates for retraining. Everything we know about job retraining programs suggests that the longer you are out of school, the harder it is for you to uptake those skills. Employers are more willing to invest in younger workers and not so willing to invest in 40-year-olds. For an individual who is 40, the payback on that investment is not great either. They are reluctant to spend three years of their life acquiring a skill that may not get them far at the end of the day. [...] we definitely can not abandon that significant portion of the rural population which is older and has low skills. To do that condemns them to poverty.

– *Evidence*, November 21, 2006

Witnesses' observations about the importance of literacy in our modern economy are strongly supported by the available evidence. In a 2005 study, for example, the C.D. Howe Institute found that for every 1% increase in a country's literacy scores relative to the international average, there was an associated eventual 2.5% increase in productivity and a 1.5% increase in gross domestic product (GDP) per person.¹⁸⁶ Likewise, the international Adult Literacy and Life Skills Survey reported a strong correlation between high literacy levels and income increases, and low literacy rates and social assistance dependency.¹⁸⁷

The difficulty of course is that, as indicated at the beginning of this chapter, a disproportionate percentage of rural adults do not have adequate literacy and numeracy skills. The committee heard evidence to this effect across the country. At our hearings in Cornwall, Prince Edward Island, Jeanette MacAulay, Deputy Minister of the PEI Department of Social Services and Seniors, told the committee: "We have extensive research that shows that the literacy levels are most severe in our rural areas." At our hearings in Edmundston, Guy Lanteigne reviewed the way literacy is measured before making a similar observation about New Brunswick, the province which in 2001 had the second-highest proportion of rural residents in the country:

Let us take a brief look at the five levels of literacy: level 1, which is the lowest: these people only recognize only one or two familiar words in a simple text; level 2, which includes people who find it difficult to read anything new and long paragraphs in texts discouraging; level 3, which represents the minimum level for dealing with the demands of life in a complex and developed society, and is also the level required to complete high school and enter the postsecondary level; levels 4 and 5, which include people who can handle a number of sources of information and solve complex problems. Perhaps our interpreter friends are in levels 4 and 5. In New Brunswick, 68 per cent of the francophone population and 47 per cent of Anglophones are in categories 1 and 2. These are alarming and deplorable percentages.

– *Evidence*, February 21, 2007

¹⁸⁶ Serge Coulombe and Jean-François Tremblay, *Public Investment in Skills: Are Canadian Governments Doing Enough?*, C.D. Howe Institute Commentary No. 217, October 2003, p. 8, available at: www.cdhowe.org/pdf/commentary_217.pdf.

¹⁸⁷ Statistics Canada and the Organisation for Economic Co-operation and Development, *Learning a Living: First Results of the Adult Literacy and Life Skills Survey*, 2005, pp. 165–72, available at: <http://www.statcan.ca/english/freepub/89-603-XIE/89-603-XIE2005001.htm>.

At our hearings in Humboldt, Saskatchewan, Bob Barber stated that “the literature speaks to the low literacy rates in rural Canada and that situation is no different here” (*Evidence*, March 8, 2007). Finally, in Prince George, British Columbia, Theresa Healy, an adjunct professor in the Department of Gender Studies and the School of Environmental Planning at the University of Northern British Columbia, told us that:

Locally, a big problem we have with literacy is that it is often men who cannot read because they had the opportunity to work in the forestry industry. For example, the high school in a community I did research with has the lowest graduation rate in the province because the young boys are so attracted to these jobs which actually pay very well, so 10 or 15 years later they have a truck, a boat, a nice house. They have all of these things, but when problems hit the industry, they cannot find work because they actually cannot read. To make matters worse, there is a huge degree of pride involved for a man to admit he cannot read. Early in my research career here in the North I was encouraging an older gentleman to write down his thoughts, and it suddenly dawned on me that he could not read or write. Then I said, “Perhaps I can do that for you if your arthritis is bothering you,” which was something to solve his pride. It is very shameful, particularly for men I think, to admit this. The economy in the North goes with boom and bust, and I believe that violence in the family, depression, mental health issues and so on all arise because of a man's lack of capacity to find another job when all he has ever done is work in the woods and that has been undermined.

– *Evidence*, March 5, 2007

Of course, literacy and numeracy – like other educational matters – fall under provincial jurisdiction. The federal government, however, plays an important role through its Adult Learning, Literacy and Essential Skills Program (ALLESPP),¹⁸⁸ which among other things provides funding to the numerous volunteer organizations that are responsible for delivering much of Canada’s adult-literacy training. Housed in Human Resources and Skills Development Canada (HRSDC), the ALLESPP was initially allocated some \$51.8 million in HRSDC’s 2006–2007 Report on Plans and Priorities. On 25 September 2006, however, the federal government reduced ALLESPP funding for 2006–2007 by \$5.8 million, and by another \$11.9 million in 2007–2008.¹⁸⁹ Over the

¹⁸⁸ The ALLESPP was formed in March 2006 by combing the National Literacy Program, the Office of Learning Technologies, and the Learning Initiatives Program.

¹⁸⁹ These figures were provided to the Standing Senate Committee on Social Affairs, Science and Technology by HRSDC officials in testimony given on 7 February 2007.

course of its hearings, the committee heard from many groups who worried about the impact of these cuts on efforts to reduce illiteracy in rural Canada.

The committee is convinced that any effective strategy to combat rural poverty and, for that matter, poverty in general must begin by addressing basic literacy and numeracy deficiencies in rural Canada and elsewhere. It therefore urges the federal government to restore funding to the ALLESP and to take greater account of the significant disparities between rural and urban literacy and numeracy levels.

RECOMMENDATION 8-6: The committee recommends that the federal government restore and increase funding to promote literacy and numeracy across Canada, with special emphasis on funding literacy services in rural Canada.

CONCLUSION

It is difficult to overstate the importance of education in addressing rural poverty. It permeates virtually every theme in this report; and in a broader sense, rural-urban relations depend on each population’s “educating” the other about the realities of their different – but interdependent – lives. The future of rural economic development hinges on a workforce with literacy and numeracy skills well above historic norms. Even health outcomes, which are the subject of Chapter 12, are strongly correlated with educational attainment. Education may not be a silver bullet for all rural Canada’s ills, but it just may be the foundation for any reasonably comprehensive strategy to halt and reverse rural Canada’s decline and reduce rural poverty.

CHAPTER 9: RURAL HOUSING – THE HIDDEN PROBLEM

On the surface, there is no rural housing problem. The rate of home ownership in rural Canada is considerably higher than in urban Canada; and as the committee emphasized in its interim report, it is rare to see a homeless person in rural and small town Canada. According to the Canada Mortgage and Housing Corporation (CMHC), the rate of home ownership in rural Canada is about 82%, compared with 64% in urban areas;¹⁹⁰ and a recent Statistics Canada report found that the odds of a young adult (aged 25 to 39 years) owning a home in rural Canada were about twice as high as they were in Canada's three largest cities (Montréal, Toronto, and Vancouver).¹⁹¹ Moreover, in many rural communities the major housing problem is an excess supply of affordable housing, not a lack thereof.¹⁹² At some of its hearings, the committee heard evidence of vacancies at seniors' residences in rural communities as long-time residents migrate to urban areas in search of health-related and other services.

Despite these findings, however, rural homelessness does indeed exist and there are serious housing problems across rural Canada and especially in the nation's more rural and remote northern regions. A number of our witnesses stressed that, like rural poverty, rural homelessness is often invisible because the tight social bonds that tend to characterize rural communities also tend to hide the full extent of the problem – friends, family and even acquaintances offer couches, basements and garages to tide friends and family over for the short term (Text Box 9-1 describes the main types of homelessness).

¹⁹⁰ Canada Mortgage and Housing Corporation, "Research Highlights: Housing Needs of Low Income People Living in Rural Areas: The Implications for Seniors," Socio-economic Series 03-012, July 2003, available at: <http://www.cmhc-schl.gc.ca/en/>. This study uses Statistics Canada's rural and small town (RST) definition of rural; i.e., rural is defined as communities with fewer than 10,000 people and where less than 50% of the population commutes to an urban centre. Note also that according to 2006 Census data, the overall rate of home ownership in Canada for 2005 was 68.4%.

¹⁹¹ Martin Turcotte, "Young people's access to home ownership," *Canadian Social Trends*, Statistics Canada, Cat. No. 11-008, 23 October 2007, available at: <http://www.statcan.ca/bsolc/english/bsolc?catno=11-008-X&CHROPG=1>. This study uses Statistics Canada's RST definition of rural.

¹⁹² This fact helps to explain why, on average, rural owners and renters, regardless of income, pay very similar average amounts for their housing. See CMHC (July 2003).

Pam Harrison, Co-chair of the Rural Communities Foundation of Nova Scotia, told the committee that her organization’s research work has found that the rural poor are embarrassed by a lack of shelter: “In rural Nova Scotia, homelessness does not surface any more than poverty does because it is an

Tex Box 9-1 : Defining Homelessness

- **Visible or absolute homelessness** – Includes those who stay in emergency hostels and shelters and those who sleep rough in places considered unfit for human habitation, such as parks and ravines doorways, vehicles, and abandoned buildings;
- **Relative homelessness** – applies to those living in spaces that do not meet basic health and safety standards, including protection from the elements, security of tenure, personal safety and affordability;
- **Hidden homelessness** – includes those who are temporarily staying with friends or family or are living in households where they are subject to family conflict or violence;
- **At risk of becoming homeless** – can include those who are one step away from eviction, bankruptcy, or family separation, e.g., loss of job, illness, rent increase or the death of a spouse.
- **Core housing need** – a household whose accommodation does not meet one of the following standards: affordable (housing costs, including utilities, do not exceed 30% of before-tax household income); adequate (in good condition and does not require major repair); or suitable (sufficiently large, with enough bedrooms, to appropriately accommodate the household).

Source: Adapted from YMCA, “You Just Blink and it Can Happen: A Study of Women’s Homlessness North of 60,” November 2007, p. 4, available at: http://www.ywca.ca/Northern_Territories_Reports/PAN-TERRITORIAL_PDFS/PanTerritorial%20_FinalReport.pdf

embarrassment. So homelessness in rural Nova Scotia may very well be a child who sleeps Monday night in his best friend’s basement, Tuesday night at his grandmother’s house, and Thursday night he is someplace else, because homelessness is so hidden.” (*Evidence*, February 23, 2007)

The committee heard similar anecdotal evidence from Harold Flaming, Executive Director of The Ontario Rural Municipal Council. “In early March (2007) we held a rural youth forum and it was quite insightful. The 125 youth that attended our youth forum indicated that homelessness for rural youth was an issue. They used the phrase “couch surfing,” surfing from couch to couch to find a place to sleep. The youth clearly indicated this is a challenging issue for them.” (*Evidence*, March 29, 2007)

Ed Picco, Minister of Education and Minister responsible for homelessness in Nunavut, explained why homelessness in the traditional sense of the word – someone living on the street – is not visible in the North:

When we talk about homelessness, in the south, you have two kinds of clarifications for homelessness, two definitions. You have the absolute homeless. Those are the people we see in Toronto on Yonge Street who are homeless and sleeping on the streets. You also have the relative homeless and that is what we have in Nunavut. When you have 15 people living in a three-bedroom house, when you have children sleeping in shifts and sleeping in porches, when you have people sleeping in closets, that is homelessness. In our case, you will not see homelessness on the streets because if people were on the streets, they would freeze to death. That is the stark reality.

– *Evidence*, February 21, 2008

A simple focus on high rates of home ownership in rural Canada masks other important housing issues. In her testimony, Claudia Jahn, executive board member of the Affordable Housing Association of Nova Scotia, captured the views of many of our witnesses when she summarized the main housing issues afflicting rural Nova Scotia:

Every community across the province has its own unique issues but emerging common threats are in regards to hidden homelessness, substandard and unsafe housing conditions, a growing number of people living in temporary shelters in the woods, long waiting lists for the scarce social housing units, frequent foreclosures on family homes, and many people leaving the community due to the lack of affordable housing. Only a strong desire to remain in their communities, close to their social network, and the resilience of the rural population can explain why so many accept to live in such conditions.

– *Evidence*, February 23, 2007

In the rest of this chapter, the committee explores four important housing policy themes as they relate to rural Canada, namely, the relatively poor quality (inadequacy) of housing in many rural and remote communities; the need for affordable housing and rental units in parts of rural Canada; the larger question of what a sudden or even a sustained long-term decline in rural housing prices means for rural communities and their residents; and finally, the severe housing and homelessness problems in Canada's North.

Reinvesting in Rural Canada's Housing Stock

It is hugely challenging to move forward. I think in Cumberland County alone over 600 homes are on a waiting list for repairs. These homes are where the electricity is unsafe or there is no insulation. Housing is a major, major issue and we need to look at ways to address it.

– Ishbel Munro, Executive Director, Coastal Communities Network,
Evidence, February 15, 2007

Behind the high rate of home ownership in rural Canada lurks a lesser-known fact: a significant proportion of rural homes are in a state of disrepair, in part because the average rural home is older than in urban Canada. According to CMHC, some 29% of rural homes were built before 1941.¹⁹³ Moreover, Statistics Canada research shows that while rural homes may on average be more affordable¹⁹⁴ and more suitable¹⁹⁵ than urban homes, they fall short in terms of what CHMC calls its “adequacy” norm.¹⁹⁶ According to that norm, an “adequate” dwelling is one that, in the opinion of its residents, does not require major repairs. In 1996, some 10% of rural households were in need of major repairs, compared with only 7% of urban homes.¹⁹⁷

Many of our witnesses shared anecdotal evidence that supports the conclusions drawn from these data. Pauline Raven, a research associate at the Canadian Centre for Policy Alternatives, told the committee that there are pockets of great poverty in her part of rural Canada, and housing is its most manifest sign:

You can drive close to where I live in Wolfville along the North Mountain or up onto the South Mountain and you will see homes and poverty that would be truly astounding. I am talking about homes that are barely liveable, as far as anybody’s standards would go. So there are incredibly poor people in rural Nova Scotia. Many of those people are not social assistance recipients. They just scrape together a living here, here, there and everywhere. They live off the grid, in housing that costs them very little, but not housing that you or I would chose to live in.

– *Evidence*, February 22, 2007

Arthur Mitchell, the Member of the Yukon legislative assembly for Copperbelt, explained how high-end and substandard housing co-exist in his riding:

¹⁹³ CMHC (July 2003).

¹⁹⁴ CMHC’s affordability criterion defines an “affordable home” as one where the cost of a dwelling is less than 30% of before-tax household income.

¹⁹⁵ CMHC’s suitability criterion defines a “suitable home” as one where the dwelling has enough bedrooms for the size and make-up of the household.

¹⁹⁶ Carlo Rupnik, Juno Tremblay and Ray D. Bollman, “Housing Conditions in Predominantly Rural Regions,” *Rural and Small Town Canada Analysis Bulletin*, Statistics Canada, Cat. No. 21-006-XIE, February 2001, p. 6. In this study, rural is defined according to the OECD “predominantly rural region” standard, i.e., as areas where more than 50% of the population lives in communities with less than 150 persons per square kilometre.

¹⁹⁷ *Ibid.* The evidence cited in the study by Rupnik et al. is not new. In a 1985 household survey, Statistics Canada found that the “percentage of the rural housing stock in need of major repair was about twice the urban figure.” See MaryAnn McLaughlin, “Homelessness in small-town and rural Canada,” *Perception*, Vol. 12, No. 1, pp. 33–6.

In my own riding of Copperbelt, the housing stock varies from some of the most expensive and newer housing in all of Yukon selling from \$500,000 to \$600,000 and setting new records on a monthly basis I would say over the last year or so, to some of the flimsiest and substandard housing in all of Yukon. I have constituents whom I call upon, and we are only talking about a few kilometres' distance between these different areas of my riding, who are living in converted school buses, in permanently-parked truck campers and in wall tents. That is year-round. So we have tremendous disparity between the housing stock.

– *Evidence*, February 18, 2008

Jeanette MacAulay, Deputy Minister of Social Services and Seniors, Government of Prince Edward Island, told the committee that in her province, there is a six-year waiting list for access to CMHC's Residential Rehabilitation Assistance Program (RRAP) and most of the demand is in rural parts of the province.

Housing is one of the areas under our portfolio, and the need for a national housing strategy is absolutely critical. One of the more well-considered programs across this country is RRAP, the Residential Rehabilitation Assistance Program, which supports renovations and repairs in homes. We have a six-year waiting list for people. These are rural homes for the most part. It is a tremendous program, but poorly funded.

– *Evidence*, February 20, 2007

RRAP is part of a broader suite of CMHC programs for low-income residents which go under the name of “housing repair and improvement programs.” Other programs include the Emergency Repair Program, the Shelter Enhancement Program, and the Home Adaptations for Seniors' Independence program. Federal funding for these programs fell sharply in the early to mid-1990s and has only recently exceeded the nominal amount spent in the late 1980s. In 1989–1990, for example, the federal government spent close to \$150 million a year on housing repair and improvement programs, an amount that would translate into about \$218.3 million in 2007 dollars.¹⁹⁸ In 2006–2007, by contrast, CMHC spent some \$179.8 million, up almost 50% from the previous year but 17.6% below what was spent in inflation-adjusted terms in 1989–1990.¹⁹⁹

¹⁹⁸ The 1989–1990 spending figure is from CMHC annual reports. The inflation-adjusted figure was calculated using the Bank of Canada inflation calculator on 13 November 2007, available at: http://www.bankofcanada.ca/en/rates/inflation_calc.html.

¹⁹⁹ Public Works and Government Services Canada, *Public Accounts of Canada 2007*, available at: <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html>.

The committee agrees with its witnesses that RRAP and related housing repair and improvement programs are vitally important for low-income residents, especially those in rural Canada, where the quality of the housing stock is, on average, lower than in urban Canada. The committee also believes that CMHC should have stable, long-term funding to deliver the program in an effective manner. In this regard, we note that in both 2005–2006 and 2006–2007, CMHC’s actual spending was considerably lower than its parliamentary (28% in both fiscal years), which suggests that there may be administrative barriers to processing claims under the programs perhaps owing to uncertainty over future funding. Finally, the committee notes that spending on home repair and renovation is one of the most cost-effective ways to achieve substantial energy savings and combat global warming.

RECOMMENDATION 9-1: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) investigate and correct any administrative barriers that may be preventing it from spending its full Parliamentary appropriations on its housing repair and improvement programs.

RECOMMENDATION 9-2: The committee recommends that the federal government make a five-year funding commitment to its housing repair and improvement programs. The funding commitment in the first year should be set at \$251 million, which represents the parliamentary appropriations for 2006–2007, and should be increased in subsequent years to reflect inflation and population growth.

The committee is also concerned that low-income rural Canadians may not be fully informed about the range of programs available to them through CMHC. The committee notes that at one point, CMHC operated 83 regional offices spread across the country, many in rural communities such as Chandler, Quebec (population 7,914 in 2006, down 4.4% from 2001) or small urban centres such as Lethbridge, Alberta. Since then, the number of offices has dwindled to 20. While CMHC provides full information about its programs on its Internet site, Internet access in rural Canada is often inadequate or non-existence, a situation discussed in Chapter 6 of this report. Lack of Internet access is even more prevalent among the rural poor.

RECOMMENDATION 9-3: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) measure and report on the extent to which low-income rural Canadians are making use of its housing repair and improvement programs, and that CMHC use this information to adjust the programs to better suit the needs of rural Canadians. The committee also recommends that CMHC expand its presence in rural Canada.

Addressing the Need for Affordable Housing and Rental Units in Rural Canada

[H]ousing is a very critical factor that affects health, longevity as well as social problems. What counts is the percentage of homeowners living in a community of 2,000 or 3,000 people, or of rented housing where the owner lives in the building. Why is this a critical factor? I think that we can explain the causes and effects in the following way. When landlords live in the community, houses are more carefully maintained. This is clear. People who live in well-maintained houses have some pride and sense of belonging to the community if the environment is clean and well organized. This is an impact on people's self-esteem, which is one of the essential conditions for personal growth, involvement and participation in developing one's environment.

– Réal Boisvert, Research Advisor, Agence de la santé et des services sociaux de la Mauricie et du Centre-Québec,
Evidence, May 18, 2007

The aggregate data may suggest (as indicated at the beginning of this chapter) that rural housing concerns are less pressing than in urban centres; but rural areas closer to large urban centres are very different from rural areas in more distant regions. In communities located in what a 2001 Statistics Canada study calls “rural metro-adjacent regions,”²⁰⁰ urban flight to rural Canada often drives up real estate prices and puts homes beyond the reach of low-income families, a situation further aggravated by the resulting increase in property taxes. As CMHC noted in a recent study on rural low-income seniors and housing, “affordable housing becomes a serious issue. New housing is needed to bridge the gap between rising rents and low wages. In this type of community, low income senior residents can find themselves priced out of the new market and have difficulty finding appropriate affordable rental housing.”²⁰¹

²⁰⁰ “Rural metro-adjacent regions” contain census divisions adjacent to metropolitan regions (50,000 people or more). See Rupnik, Tremblay and Bollman (2001).

²⁰¹ CMHC (July 2003).

At the committee's hearings in Athens, Ontario, Peggy Sweet-McCumber, Chair of the Seeley's Bay/Lyndhurst and Area Non-Profit Seniors Residence Corporation, noted that in Leeds and Grenville, a vast rural and largely agricultural county within commuting distance of Ottawa and several smaller urban centres, "vacancy rates are dropping and our rents are escalating" (*Evidence*, March 30, 2007). She went on to note that this situation is making it difficult for many of the county's residents to find affordable shelter: "Almost 30 per cent of the households in Leeds and Grenville have incomes of less than \$30 000, which is the mark where someone can own their own home. It is much more difficult if you earn less than \$30,000. Frequently, we have a high demand for rental units." (*Evidence*, March 30, 2007) Ms. Sweet-McCumber added that her organization's efforts to obtain funding for affordable housing have largely been frustrated:

Leeds and Grenville did a study to say that we need to build 570 units per year of affordable housing. Just recently, our county has entered into an agreement called the Canada-Ontario Affordable Housing Program, which puts money toward building new homes. Our county was allocated 25 units. This is for an area that includes Brockville, Westport, et cetera. It is meant for housing victims of troubled youth, victims of domestic violence, families and seniors with low income. It is a drop in the bucket. That is why our group is fairly pessimistic that we will be allocated any of those units. In order to save and serve the needs of the rural poor, we need more rental housing. It is a basic right of Canadians, and it is a concern in our area. We need a strong commitment from all levels of government, the private sector, service agencies and the local community to work together.

– *Evidence*, March 30, 2007

Dianne Oickle, a registered dietician and public health nutritionist from the Leeds, Grenville and Lanark District Health Unit, echoed Ms. Sweet-McCumber's concerns: "Housing is considered unaffordable when the cost of housing exceeds 30 per cent of the family's budget. Within the tri-county area, 80 per cent of our low income families spend more than 30 per cent on housing due to the lack of affordable housing in rural areas. This situation translates into less money being available to pay for basic health needs and to pay for food." (*Evidence*, March 30, 2007).

According to a third witness from Athens, the problem with affordable housing extends across rural Ontario. In a project called *Community Matters*, the United Way of

Leeds and Grenville led a 26-month-long study by 17 small rural United Ways in the province. Based on conversations, surveys, and town-hall meetings with hundreds of rural residents, Judi Baril, Executive Director of the United Way of Leeds and Grenville, said the *Community Matters* project found that

Families, single-parent families and individuals identified to us a serious problem finding housing that affords people the ability to live in a community of their choice, while allowing them to have the necessary resources to provide other necessities for their families, such as food, hydro, heat, personal care provisions and recreational opportunities. These individuals find themselves trapped. They live where they cannot afford to live, which on a daily basis plunges them deeper into debt, and they live in homes that would not be acceptable to any of us. Lack of affordable housing traps people in poverty and, if not addressed, keeps them there. Housing quality and the cost of housing in larger centres has been greatly improved, but housing affordability is a critical issue for many rural dwellers because wages and salaries, even for those who work full time or more, are insufficient.

– *Evidence*, March 30, 2007

Affordable housing is also an issue in some booming rural and formerly rural communities like Fort McMurray, Alberta. Diane Martz, Research Manager, Prairie Women’s Health Centre of Excellence, told the committee for example that “Families looking for housing in Fort McMurray find it very expensive; I think the cheapest house is \$300,000” (*Evidence*, November 23, 2006). In places like Whitehorse and Yellowknife, the effects of a prolonged boom in the mining sector has had similar consequences, as Arthur Mitchell explained:

A couple of years ago, the Yukon government, through the Yukon Housing Corporation, using federal funds that had become available for affordable housing, helped to subsidize some new housing stock in an area of Copper Ridge. These were small units of some 1,300 or 1,400 square feet were selling at around \$175,000 to \$180,000. Now, that was called affordable based on the fact that the average price of a house in Whitehorse is just under \$300,000 as of the end of this past year. I suspect we will see that it is over \$300,000 shortly. It is not affordable to anybody on minimum wage. It is not affordable to anybody on social assistance. Again, we are forcing people into worse and worse living conditions by the lack of some form of truly affordable housing. By the way, those same houses today, both on resale and as the developer continues to build them, are selling more around \$225,000 to \$230,000. Yet, neither the social assistance rates nor any of the other figures such as average wage have gone up anywhere proportionately to that change in a mere year or year and a half to what was considered to be affordable housing when it was being brought to market.

– *Evidence*, February 18, 2008

In recent years, the federal government has introduced two major initiatives to address homelessness and affordability concerns. In 1999, it created the National Homelessness Initiative (NHI) to “provide supports to 61 designated communities and some small, rural and Aboriginal communities to develop community-based measures that assist homeless individuals and families move toward self-sufficiency” (emphasis added by the committee).²⁰² Since inception, the federal government has spent some \$784 million on grants and contributions through the NHI but it is unclear what share of these funds has gone to rural Canada.²⁰³ In April 2007, the NHI was replaced by the Homelessness Partnering Strategy, which has been allocated \$296 million over two years (2007–2008 and 2008–2009). It is unclear whether the program will make use of a rural lens in allocating funding.

In 2001, the federal government introduced a second initiative, the Affordable Housing Initiative (AHI), which was aimed at addressing problems of “affordability and supply of rental housing, *particularly in major urban centres*” (emphasis added)²⁰⁴ by

²⁰² HRSDC, “National Homelessness Initiative,” available at: http://www.hrsdc.gc.ca/cgi-bin/hrsdcrhdsc/print/print.asp?Page_Url=/en/cs/sp/hrsd/cpa/publications/reports/2006_hi/page00.shtml.

²⁰³ *Ibid.* The committee could not locate the list of 61 “designated communities” and other Aboriginal and rural areas mentioned on the HRSDC website.

²⁰⁴ Government of Canada, Budget 2003, “Affordable Housing Initiative,” p. 106.

creating rental spaces priced at or below median market rates.²⁰⁵ The AHI is a 50-50 cost-shared program²⁰⁶ that operates on the basis of bilateral agreements with each of the provinces and territories. Since inception, the federal government has committed to spending \$1 billion under the AHI, although as of 30 June 2007 only \$765 million had been spent.²⁰⁷ Again, it is unclear what share of these funds was targeted or will be targeted at rural Canada. Ms. Jahn told the committee that in her view, neither the NHI nor the AHI have met the needs of rural Canada. She said that in Nova Scotia the AHI, for example, was premised on the a view that “rural Nova Scotia cannot be sustained and that the majority of people will move to Halifax anyway. That was the internal policy. Why invest in more housing when we know people are moving away? For me, this is the wrong thinking. People cannot stay in their community if they do not have the housing. Build the housing and they will stay.” (*Evidence*, February 23, 2007)

²⁰⁵ According to CMHC (“Affordable Housing Initiative,” available at: http://web.archive.org/web/20070507010315/http://www.cmhc-schl.gc.ca/en/inpr/prfias/prfias_003.cfm, “the first phase, which announced the provision of \$680 million for affordable housing in 2001, provides funding for the creation of new rental housing, major renovation and conversion. Project proponents are found within the non-profit sector, private or public sector (e.g. municipal non-profit housing corporation). Homeownership is eligible in remote areas and in urban redevelopment areas subject to a maximum funding amount. The units produced under the AHI must rent at prices at or below median market rents. For the first phase, the average amount of federal funding may not exceed \$25,000 per housing unit. The second phase of the AHI, announced in 2003, includes a federal commitment of \$320 million to provide additional funding for housing targeted to low-income households in communities where there is a significant need for affordable housing. To be considered “low income” a household must be qualified to be on a social housing waiting list. Provinces and Territories are encouraged to consider Aboriginal people, persons with disabilities and recent immigrants as priorities. Under the second phase, the maximum federal funding is 50% of capital costs to a maximum of \$75,000 per housing unit to reduce rents to levels affordable to low income households.”

²⁰⁶ The non-federal funding may come from provincial or territorial sources and from other parties (municipalities, the private sector, donations, etc.). These contributions may be in the form of a grant, or ongoing subsidies, or the value of in-kind contributions (e.g., land).

²⁰⁷ CMHC, “Affordable Housing Initiative.”

Text Box 9-2: A Brief History of Federal Involvement in Rural Housing

In 1974, the federal government introduced its first and only comprehensive policy to address the housing needs of rural low-income Canadians. The Rural and Native Housing Program (RNH), which was terminated in the early 1990s, had two broad objectives, namely: (1) to ensure adequate housing for low-income persons in rural areas and small communities with a population of 2,500 or less (the government set a goal of building 50,000 units by 1978); and (2) to motivate and help the program's clients to solve their housing problems through their own organization and efforts. In the words of a 1992 evaluation of the program, "Client equity, chiefly in the form of labour (sweat equity), was to be encouraged." The RNH consisted of a suite of programs designed to achieve these objectives:

- **Homeownership/Rental:** Loans and subsidy assistance for construction, acquisition and/or rehabilitation of homeownership or rental dwellings for low-income households in rural areas;
- **Residential Rehabilitation Assistance Program:** Loans and subsidy assistance to finance the rehabilitation of substandard dwellings *extended* to rural areas (previously unavailable). The rehabilitation had to increase the economic life of the unit by at least 15 years and had to be comprehensive;
- **Emergency Repair Program:** One-time grants to finance emergency repairs to dwellings occupied by households waiting to be allocated better housing on the ownership program; and
- **Project Fund, Sustaining Grants, and Training Material:** Loans, grants (i.e., ongoing funding) and training material provided to client representative groups to assist in the development of housing proposals as per the second policy objective of the RNH.

In some respects, the RNH was at the centre of the federal government's efforts to address rural disparities. CMHC chaired a National Interdepartmental Committee consisting of representatives from a variety of federal government departments with rural responsibilities, including Manpower and Immigration, Indian and Northern Affairs, National Health and Welfare, Regional Economic Expansion, Secretary of State, Finance, Treasury Board and the Privy Council Office. The committee met twice a year until 1976, after which point activity declined considerably (meeting only once more in 1978 and again in 1979). According to a 1992 evaluation of the RNH, "the lack of authority to effect changes in departmental priorities limited the committee's activity to the exchange of information."

The RNH encountered its share of challenges over the years, including concerns about the quality and quantity of housing units produced under the program, concerns about affordability for clients (especially in the 1970s and early 1980s when heating costs were increasing rapidly), and perennial problems over jurisdictional matters. In addition, the RNH suffered from two chronic problems, namely, a high level of arrears and default, and a high rate of deterioration of some homeowner units coupled with a wide variation in the maintenance/repair habits of RNH homeowner clients.

A number of changes were made to the RNH over the years in an effort to address these and other problems, including additional funding and changes to the nature of the federal-provincial relationship. The last major policy change to the RNH took place in 1986 when, subsequent to recommendations by the Ministerial Task Force on Program Review Relating to Housing Programs, the RNH was reoriented towards providing assistance to families and individuals with "core" housing needs, i.e., those who could not obtain affordable, suitable and adequate shelter in the private market. As part of this reorientation, the federal government also introduced what was called the RNH Demonstration Project, a five-year test program (1986–1990) that provided forgivable loans for the construction of owner-built housing to low-income households in rural areas. In its 1992 evaluation of the RNH, CMHC said that experience with the Demonstration Project "has been very positive on several dimensions and in comparison with the regular RNH programs."

Notwithstanding the challenges of delivering housing assistance in rural areas, as of the end of 1989, the RNH program had helped create 23,000 housing units, provided 21,000 emergency repair grants and made 163,000 loans under the rural provisions of the RRAP. All told, these efforts cost the federal government about \$1.6 billion.

Source: CMHC, *Main Report: Evaluation of the Rural and Native Housing Programs*, February 1992; and CMHC, *Summary Report: Evaluation of the Rural and Native Housing Programs*, February 1992.

At the committee's meeting in Nicolet, Quebec, Alain Coutu, a community organizer with the Centre de santé et des services sociaux du nord de Lanaudière, said he too believes that the federal government's housing and homelessness initiatives have largely bypassed rural areas. He also lamented

the rather serious effects of the federal government's withdrawal of support for social housing, mainly in rural communities. Having a roof over your head is one of the first things that a person needs if he is to play a useful role within society. At present, rural communities are no longer able to provide social housing because the initial amounts required of the local community are too large, and so hardly any social housing is being built anymore. Existing programs are mainly for urban settings.

– *Evidence*, May 18, 2007

The committee shares Ms. Jahn's and Mr. Coutu's concern that these two major federal housing initiatives, the first in a long time, have been unduly focused on urban Canada. It also notes that programs targeted at rural Canada, once a core part of Canada's social housing policy, have now disappeared (see Text Box 9-2). It believes the federal government's housing programs need to be reviewed to assess the degree to which they have met and continue to meet (where applicable) the needs of rural Canada.

RECOMMENDATION 9-4: The committee recommends that the proposed Department of Rural Affairs review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of rural Canadians.

Like a number of our witnesses, David Bruce, Director of the Rural and Small Town Programme at Mount Allison University, suggested that one of the best ways to address the affordable housing problem in rural Canada would be for the federal government to restore funding to co-op projects.

[W]e need to revisit the supply of social housing in communities across Canada, both urban and rural. In particular, I am thinking about a re-examination of the housing co-op program which was highly successful when introduced in the early 1970s and which was terminated in 1993 as part of the major cutbacks introduced in housing at that time. A number of studies clearly indicate that people with lower incomes living in social housing and co-op programs and projects benefit greatly from the interaction with a mixed-income group and end up moving out of social assistance and other types of income support and into our society as gainfully employed people.

– *Evidence*, October 26, 2006

Greg deGroot-Maggetti, a socio-economic policy analyst at Citizens for Public Justice, told the committee that faith communities could play an important role in creating rural housing co-operatives.

[A] lot of faith communities would love to build affordable housing. In a lot of the projects that were built in the past, when there was a federal housing program to build affordable housing, faith communities and other community groups built them. They could also build in social amenities — space for people to create community and not be warehoused, as happens in church basements and church halls. That is a case where we could have the charitable tax receipts for donations working in tandem with a program to fund the building of housing. Government can use both those important tools.

– *Evidence*, November 28, 2006

Ishbel Munro, Executive Director, Coastal Communities Network, also argued for a co-operative approach to addressing rural Canada’s affordable housing needs. “I think often non-profit organizations can run these things better and often more efficiently than government departments. There are examples in Antigonish where community groups run the housing units and can do it more efficiently and a lot cheaper than government so I think those are some of the options.” (*Evidence*, February 15, 2007) The committee notes that the co-operative organizational structure has long been used in rural Canada to provide goods and services that would otherwise be unavailable. In his presentation, Alain Coutu, the community organizer from Lanaudière, stressed this very point, noting that

social housing should be viewed differently in rural settings than in urban settings. I am currently working with a group that is attempting to organize social housing in the north of Lanaudière. It will consist of small single family units within a cooperative network. Everyone will have their own home, but the community will own a common estate. This kind of formula is best suited to our

needs. It is very important for municipalities to give land to save their communities. We have to set up mechanisms. We no longer have to create social ghettos as it was done in the past. That was not effective because people were marginalized. That should never happen.

– *Evidence*, May 18, 2007

The committee believes that the federal government should take advantage of the natural affinity for the co-operative approach in rural Canada and restore CMHC's Co-operative Housing Program.²⁰⁸ Over the life of this program, from 1973 through to 1993, federal and provincial governments spent \$4.1 billion to help create some 65,273 co-op units at 1,976 co-operatives across Canada.²⁰⁹ It is unclear what share of these units were built in rural Canada. Some 10 years after the program's demise, CMHC produced a report that evaluated the program's performance. It found that the co-op units

are providing adequate, affordable housing for low- and moderate-income households and residents' involvement in their housing has generated additional benefits such as improved security of tenure and quality of life. The government expenditures are enabling households that would otherwise not be able to afford alternatives to rental housing to achieve benefits not available in rental housing such as greater security of tenure and resident control of their housing.²¹⁰

The committee also notes that many of the long-term funding agreements for these co-ops are now coming to an end, presenting an ideal opportunity for the federal government and CMHC to investigate the possibility of once again getting involved in helping fund new co-op units.

RECOMMENDATION 9-5: The committee recommends that the federal government restore its co-operative housing program and designate 20% of funding (rural Canada's share of the national population) under the restored program to rural Canada.

²⁰⁸ The "Co-operative Housing Program" label actually refers to four distinct funding mechanisms that CMHC operated from 1973 to 1993. The first three were known as the Co-operative Housing Program while the last version (1986–1993) was subsumed under the Non-Profit Housing Program initiative.

²⁰⁹ CMHC, *Co-operative Housing Programs Evaluation*, September 2003, p. i, available at: <http://dsp-psd.pwgsc.gc.ca/Collection/NH15-418-2003E.pdf>.

²¹⁰ *Ibid.*, p. iv.

The Impact of Low Rural Housing Prices on Rural Communities, Retirees and Seniors

Research on seniors' housing includes three areas where policies and programs may focus: home maintenance and repair programs for older homeowners; affordable and appropriate rental housing for those who live independently; and affordable supportive housing.

– Irene Larkin, Executive Director, PEI Senior Citizens' Federation Inc.,
Evidence, February 20, 2007

From the perspective of a person living in downtown Toronto or Vancouver, the prospect of paying \$10,000 for a three-bedroom bungalow must look tempting if not irresistible; and for an increasing number of Canadians, it is. Statistics Canada data show that rural Canada has for some time now enjoyed a net inward migration of persons aged 25 to 69 and an especially pronounced influx of persons over the age of 50.²¹¹ In some cases, this migration into rural Canada appears to be driven by economic desperation. Stasha Donahue, Co-chair of the South West Alberta Coalition on Poverty, told the committee that in her region, low-income families are moving into small rural communities in search of affordable housing only to find that they often lack social services: "Some communities lack bus service, and at the same time, families are moving to these small rural communities for affordable housing, or they are placed there by their case worker because of access to affordable housing, yet no services exist. Even a food bank does not exist in that community. Families are placed there without social support mechanisms and services." (*Evidence*, March 6, 2007) The Reverend Christine O'Reilly, Minister, Knox Presbyterian Church, Thedford, Ontario, has witnessed a similar pattern in her part of southwestern Ontario.

Renters often arrive from larger centres such as Sarnia or London, attracted by the lower housing costs. However, in my experience, these are people who already face poverty within their own families, and they come to communities that are burdened by their own poverty issues. The needs these families or individuals present are often unavailable or barely accessible, such as long-term mental health care, behaviour support for students at schools, steady work opportunities and free or low-cost recreational facilities and programs.

– *Evidence*, June 7, 2007

²¹¹ Ray Bollman, "Rural Canada: Drivers and Riders," Presentation to the staff of the Western Producer, Saskatchewan, 27 September 2006, as provided to the committee.

For the most part, however, the influx of persons aged 25 to 69 appears to be driven largely by choice rather than economic necessity. Adèle Bordeleau, an economic development officer with the Kapuskasing Economic Development Corporation, told the committee, for example, that urbanites seeking a respite from the pressures of city life are increasingly drawn to the low-priced homes in nearby Smooth Rock Falls, Ontario, a community that recently lost its main source of economic activity after Tembec Inc. closed the local pulp and paper mill: “You would not believe how much the real estate has gone down in Smooth Rock Falls. People from the South are going to Smooth Rock Falls and buying a beautiful brick bungalow for \$10,000. People are going there to retire and they will have all this money in their pockets to do whatever they wish.” (*Evidence*, June 1, 2007)

The committee was told that in British Columbia, several communities have managed to revitalize their local economies in part by targeting urban retirees in search of cheap rural homes. According to Ardath Paxton Mann, Assistant Deputy Minister, British Columbia, Western Economic Diversification Canada, “these are communities that folded as a result of being single-industry towns. They have been revitalized and re-established. In one instance, the housing was made so reasonably priced that it became a seniors’ community. The seniors have developed all kinds of new jobs. It is a community of senior entrepreneurs and it has become a tourist attraction as a result.” (*Evidence*, March 1, 2007) A number of witnesses also pointed to Elliot Lake, Ontario, as a model of a single-industry community that pulled together following the closure of its uranium mines by using its ample housing stock to rebuild and refocus its economy. Text Box 9-3 describes the Elliot Lake experience in detail.

While the committee applauds these community-led efforts, it notes that strategies aimed at reviving rural communities by recruiting retirees face several hurdles. First, and most obviously, they are premised on the availability of cheap housing. Housing is cheap because long-time residents wishing to sell their homes are often obliged to do so at a substantial loss. That financial setback can seriously affect a family’s willingness to move to a new job and its ability to afford retirement, pay for retraining or education upgrades, or continue to finance the education of children in college or university. These

concerns are especially pronounced for persons over the age of 45, who tend to find it more difficult to move back into the labour market. The effect, as Professor Larry Bourne from the University of Toronto noted, is that many rural families feel trapped by the sudden deterioration of their finances:

The situation of some regions growing and others not is reinforced by the demography that I have been talking about from the beginning. Unless we find some way to spread new immigrants around, we will end up with the contrast becoming wider between the Canada that is growing and the Canada that is not. For some of these smaller communities, people will be trapped, particularly by housing costs.

– *Evidence*, March 27, 2007

Text Box 9-3: Elliot Lake Success Story

In the spring of 1990, Elliot Lake's two main mining companies, Denison Mines Ltd. and Rio Algom Ltd., announced the first in a series of layoffs after Ontario Hydro cancelled what many believed were iron-clad long-term uranium contracts. By 1992, Elliot Lake's unemployment rate had climbed to 60% and the community's population began to decline from the 18,000 level that had prevailed during the 1980s. Some predicted the community's population might fall well below 1,000, given its nearly 100% reliance on the uranium mining industry.

The unexpected and sudden nature of Elliot Lake's economic collapse proved to be something of a blessing in disguise. Whereas other single-industry rural towns often experience prolonged declines that bleed the community of its leadership, businesses and initiative, the rapidity of Elliot Lake's decline galvanized the local business, labour and political leadership. At one point, there were more than 200 volunteers working on various committees to implement and develop strategies to reinvigorate the community.

Following the announced layoffs and mine closures, local business, union and municipal leaders lobbied the provincial government and successfully negotiated a \$250-million settlement with Ontario Hydro and the province to compensate the community for the sudden cancellation of the contracts. Of this amount, \$160 million was used to keep Rio Algom's Stanleigh mine open until 1996. The balance was used to retire municipal and school-board debts and, among other things, create a \$23-million venture capital fund called the Elliot Lake and North Shore Corporation for Business Development (ELNOS). The community also convinced the federal government to create special provisions under the Unemployment Insurance (UI) program (subsequently renamed Employment Insurance) to help miners find new jobs.

Concurrently with these interim measures, the community hired a consultant to help explore long-term strategies to diversify and sustain its economy. After a number of meetings and workshops with local community leaders, the consultant produced a report, *The Town of Elliot Lake Economic Development Strategy*, which recommended three broad strategies, namely (1) training and support programs to help laid-off workers (UI provisions); (2) efforts to retain and expand local businesses (ELNOS; tourism promotion); and (3) efforts to expand the Elliot Lake Retirement Living Program.

The Elliot Lake Retirement Living Program had been created in 1987 by Claire Dimock, a town councillor who was also vice-president for community relations and housing for Denison Mines' Elliot Lake operations. The program, which was initially managed jointly by the mining companies and the town of Elliot Lake, aimed to entice retired people from southern Ontario and elsewhere to live in low-cost homes built by Denison and Rio Algom in the 1970s for a housing market that never materialized.

Initially marketed with the help of a \$10,200 grant from Ontario's Ministry of Northern Development and Mines and a few advertisements in major Toronto-area newspapers, the program emphasized the low cost of housing in Elliot Lake, where a home could be purchased for \$38,000 to \$58,000 and where three-bedroom homes were renting for about \$400 to \$500 a month. Initially, the

program attracted about 25 people a year to Elliot Lake. In the wake of the announced mine closures in 1990, the Retirement Living Program was reorganized as a not-for-profit corporation and received a \$7-million grant from the Ministry of Northern Development and Mines (as part of the \$250-million settlement discussed earlier) to purchase vacant homes from Rio Algom and Denison. In the end, Rio Algom donated 574 homes to Retirement Living, while Denison sold the corporation some 938 units. The new not-for-profit Retirement Living corporation acted strictly as a rental agent and immediately began to upgrade its new inventory of homes by, among other things, converting electric furnaces to natural gas, repainting exterior surfaces, and installing ground-source heat pumps.

With this large inventory of renovated homes, Retirement Living increased its promotional efforts, purchasing advertisements on radio and television and in newspapers throughout southern Ontario. The not-for-profit corporation also hired a motor home, called the “Retirement Living Caravan,” which it drove around southern Ontario as part of its promotional effort. Finally, the corporation offered free room and board for a weekend to any senior who made his or her way to Elliot Lake, a promotional effort that was taken up by some 3,000 retirees in 1991 alone. By the spring of 1995, Retirement Living was a \$6-million-a-year business with 17 full-time employees, 25 to 35 seasonal workers, and an occupancy rate of 90%.

Even with this initial success, however, there were still hundreds of vacant units in Elliot Lake. In 1993, Active Living, a corporation started by developer/entrepreneur Derek Tennant, arranged to purchase some of these units for \$9,000 each. He invested \$8,000 per unit in renovations and placed advertisements in 32 publications and the major Toronto dailies. With a selling price of \$19,900, Active Living sold 100 of its initial allotment of 262 units almost immediately. Over the next couple of years, Active Living purchased an additional 613 housing units in Elliot Lake; by the fall of 1995, only a handful remained. In December 1993, a company owned by Bob and Wayne Izumi, the star and producer respectively of a syndicated television show called “Real Fishing with Bob Izumi,” purchased 170 Elliot Lake townhouses that it marketed through the television show, which was syndicated in some 30 countries worldwide. Playing up Elliot Lake’s proximity to thousands of lakes and rivers, the brothers were able to sell all their units within two years, attracting buyers from as far away as Germany.

Second, given the age of the new residents, rural communities that adopt this development strategy must continuously engage in recruiting campaigns to keep their population stable over time. While Elliot Lake’s efforts averted the most dire scenarios predicted at the time, they have not been able to reverse or even stop the overall decline in its population: between 1996 and 2006, a period during which the community’s Retirement Living program was fully operational, the community’s population fell from 13,588 to 11,594, a decline of more than 14%.

Third and finally, as retirees age, they – like the urban poor, who are also drawn to cheap rural housing – require a greater range of transportation, health and related services that are often unavailable in rural Canada. The result, as the data show, is a net out-migration of persons over the age of 69 from rural Canada to urban areas.²¹² In other words, a retirement recruitment strategy based on cheap housing probably will not work unless the other pieces of the puzzle are in place.

²¹² Bollman (2006).

Irene Larkin, Executive Director at the PEI Senior Citizens' Federation, told the committee for example that "an increasing number of seniors are healthy longer and want to stay in their homes in communities of their choice and, in many instances, surrounded by their children. There are few support services to allow them to do this and, at present, few affordable housing options in rural areas that will provide assistance to seniors as their health goes through different stages." (*Evidence*, February 20, 2007) Israel Hann, a seniors activist in Corner Brook, Newfoundland, made a similar point: "If we had affordable housing to move them into, housing that is properly built and maintained that they could pay for with their old age pension, they would not mind paying the rent. They would have no snow to clear, no grass to cut, et cetera." (*Evidence*, February 19, 2007) Ms. Sweet-McCumber, from Leeds and Grenville county in eastern Ontario, said seniors in her area find it difficult to stay in their homes because of high heating and maintenance costs.

Over one-half of our seniors in this county have incomes less than \$20,000. Many own their own homes but they would prefer, as they get older, to move into rental accommodations. The high cost of maintaining their homes and the high price of fuel makes it very difficult for the elderly to maintain their homes. The local food bank people tell me that they are aware of several seniors who, during the winter, move into one room of their home, as it is the only room they can afford to keep warm.

– *Evidence*, May 18, 2007

Thus, seniors need adequate services and supports if they are to remain in rural communities during their later years. The committee heard some first-hand evidence to this effect. According to the President of the PEI Senior Citizens' Federation, Annie Boyle, a lack of access to services has contributed to a number of vacancies in senior citizens' homes in rural Prince Edward Island. In some cases, seniors' homes have been forced to close. According to Ms. Boyle, "some people residing in rural areas like to get into senior housing handier to Summerside or Charlottetown where they have more access to everything." (*Evidence*, February 20, 2007)

The committee believes that it is important for federal and provincial governments to help rural communities retain and, if they so desire, grow their retiree populations. As many of our witnesses emphasized, retirees form the core of rural Canada's volunteer

base. They are also rich in knowledge of local history, environment and culture. The influx of new retirees into an otherwise declining rural community often brings new ideas, new activities and even new economic potential to become a destination community.

Policies aimed at helping retirees and seniors stay in rural Canada and encouraging a new generation of rural retirees and seniors also serve the more pragmatic purpose of stemming rural depopulation in at least four related ways. First and most obviously, retirees and seniors are an important part of rural Canada's population in and of themselves, and their importance is likely to grow. In 2005, 13% of Canadians were over the age of 65.²¹³ By 2031, seniors could account for up to 25% of the Canadian population.²¹⁴ In the shorter term, by 2015 the percentage of Canadians over the age of 65 is expected to exceed the percentage of persons aged 15 and under, something Statistics Canada calls "unprecedented."²¹⁵ Second, the mere presence of a substantial retiree and senior population creates a growing need for health care professionals and other services in rural Canada. Third, the presence of retirees and seniors is often an important draw for young families contemplating a return to their rural roots because they want their children to know and grow up with grandparents, uncles, aunts and other extended family members. Fourth and finally, an inflow of seniors may in the medium to long term help stabilize local real estate prices and thus prevent the erosion of a major component of retirement savings for many rural Canadians.

The committee notes that the federal government's regional development agencies already play a role in helping rural communities devise strategies aimed at keeping and growing their retiree populations. FedNor, for example, has helped Elliot Lake with its Retirement Living program on a number of occasions.²¹⁶ More generally, the regional development agencies help rural communities pay for strategic planning exercises and feasibility studies that are often the first step towards an effort to recruit seniors to rural

²¹³ Statistics Canada, "Population Projections 2005 to 2031," *The Daily*, 15 December 2005, available at: <http://www.statcan.ca/Daily/English/051215/d051215b.htm>.

²¹⁴ *Ibid.*

²¹⁵ *Ibid.*

²¹⁶ In July 2007, for example, FedNor contributed \$156,000 to Elliot Lake Retirement Living for a waterfront development project study. For details, see: <http://www.ic.gc.ca/epic/site/fednor-fednor.nsf/en/fn02813e.html>.

Canada. The committee believes, however, that more work could be done to share best practices developed by communities such as Elliot Lake to tap into the growing population of urban retirees who want to live in rural Canada.

RECOMMENDATION 9-6: The committee recommends that the proposed Department of Rural Affairs, in cooperation with the regional development agencies conduct comprehensive research on efforts to encourage retirees and seniors to stay and/or settle in rural Canada.

At a more concrete level, the committee believes that CMHC could play a more active role in making it easier for rural seniors to remain in their homes and stay in rural Canada. It could, for example, create and administer a reverse mortgage program like the one managed by the U.S. Department of Housing and Urban Development. A reverse mortgage is a special type of home loan that lets a homeowner convert a portion of the equity in his or her home into cash which can be used to supplement retirement income or to pay for emergency expenditures. Unlike a traditional home equity loan or second mortgage, however, no repayment is required until the borrowers no longer use the home as their principal residence. Eligibility for a reverse mortgage is typically restricted to homeowners 62 years of age or older who live in their own home and own their home outright or have a low mortgage balance that can be paid off at the closing with proceeds from the reverse loan.

Canada has had a small, entirely privately run reverse mortgage market since the mid-1980s, but it is largely confined to urban areas where home prices can be expected to increase over time and generate the proceeds necessary for homeowners to pay off their mortgage while still retaining a substantial nest-egg. The Canadian Home Income Plan Corporation, which is the only company currently offering reverse mortgages in Canada, has so far been unwilling to sell reverse mortgages in rural Canada because of the substantial risk of declining property values. This is unfortunate because the need for some sort of income supplement in retirement is probably nowhere greater than in rural Canada, where home ownership rates are high but where people are also least likely to have had access to high-paying jobs and generous pension plans. Moreover, as a CMHC study on rural housing and low-income seniors notes, “in keeping with a rural tradition of ‘making do’, seniors living on very low incomes in substandard dwellings are often too

proud to seek help and prefer to ‘grin and bear it’ rather than seek assistance. They would rather get carried out of their homes feet first than go into a government-run institution.²¹⁷

In short, relative to urban Canada, rural Canadians are probably more dependent on their homes as their main retirement investment, more apt to stay in those homes even when it is no longer practical, and more likely to lose money on their home if they do decide to sell. In order to encourage the availability of reverse mortgages in rural Canada and help rural Canada’s senior population stay put, CMHC could consider insuring reverse mortgages against market, property and life-expectancy risks or setting up its own reverse mortgage program.

RECOMMENDATION 9-7: The committee recommends that the federal government direct the Canada Mortgage and Housing Corporation (CMHC) to study the possibility of creating a reverse mortgage program aimed at extending availability of this financial product to rural Canada. As part of this program, CMHC could consider a range of policy options, including (a) introducing a program to insure against market, property and life-expectancy risks in order to broaden private-sector involvement; (b) devising and managing a reverse mortgage program of its own; or (c) some combination of (a) and (b).

The Special Case of Homelessness in the North

I do not claim to be an expert on housing, but [...] housing is in crisis. I do know this, senator.

– Paul Nettleton, Poverty Law Counsel, Legal Services Board of Nunavut,
Evidence, February 21, 2008

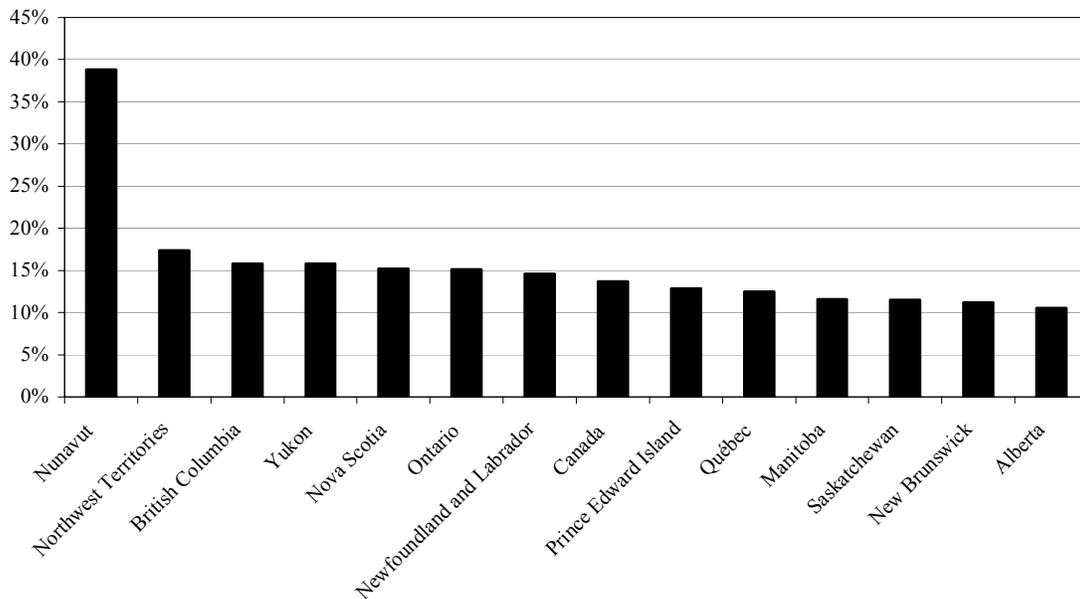
Nowhere in the committee’s travels were the themes of homelessness and housing more pronounced than in the three northern territories. Despite or perhaps because of the tremendous economic growth in the three territories over the last few years, a great many people, and women especially, have had to endure difficult housing situations. A recent study of homelessness north of 60 led by the YMCA in Yellowknife²¹⁸ estimated (informally) that there are “well over two thousand” homeless women and children in the

²¹⁷ CMHC (July 2003).

²¹⁸ Other research project sponsors include the Qullit Nunavut Status of Women Council, the Yukon Statuts of Women Council, the Yellowknife Women’s Society, the Qimaavik Women’s shelter, and Kaushee’s Place.

three territories, or roughly 2% of the total territorial population.²¹⁹ Similarly, an extensive consultation process in Iqaluit found that, according to David Willman, executive director of the Iqaluit Community Tukisigiavik Society, “the housing and homelessness crisis was by far the most frequently raised issue in the consultation process” (*Evidence*, February 21, 2008). The available evidence supports this informal and anecdotal evidence: data from the CMHC show that core housing need²²⁰ was greatest in the three territories, as Figure 9-1 shows.

Figure 9 - 1
Percent in Core Housing Need for 2001



Like elsewhere in rural Canada, northern homelessness is difficult to see with the naked eye. And for good reason. With winter temperatures routinely dipping down well below -30 or -40 degrees Celsius, people can ill-afford to spend long days and nights out on the street. Instead, homelessness shows up in other ways – over-crowded homeless and women’s shelters, full-to-capacity transitional homes, and a higher-than-average number of occupants in private homes. Rhoda Palluq, executive director of the Qullitit

²¹⁹ YMCA Yellowknife, “You Just Blink and It Can Happen: A Study of Women’s Homelessness North of 60,” November 2007, p. 4, available at: http://www.ywca.ca/Northern_Territories_Reports/PAN-TERRITORIAL_PDFS/PanTerritorial%20_FinalReport.pdf

²²⁰ A household is considered to be in core housing need if its housing falls below at least one of the three standards discussed earlier (adequacy, suitability, and affordability) and it would have to spend 30% or more of its before-tax income in order to pay for accommodation that is acceptable.

Nunavut Status of Women Council explained how this kind of over-crowding carries serious risks:

Families often live together, which can lead to overcrowding. A recent government study found that more than half of Inuit live in crowded conditions. Some three-bedroom homes here in Iqaluit are known to house as many as 20 people. This contributes to existing social issues such as family violence, child sexual abuse and substance abuse and to a variety of health issues. As such, housing issues are a contributing factor and an indication of poverty.

– *Evidence*, February 21, 2008

In other cases, homelessness expresses itself in the fact that women are compelled to engage in what is known as “survival sex,” i.e., the exchange of sexual intimacy for a warm and dry place to sleep. Larry Bagnell, the Member of Parliament for the Yukon explained:

We also have what is called relative homelessness in the North. We had two or three weeks of 40 below here just (the committee) before you came. You are lucky you missed it. Here, you do not see people sleeping on the streets like you do in Toronto or Vancouver at those temperatures. That means they are sleeping somewhere. They are sleeping somewhere warm and somewhere where they should not be. You are getting young girls put in houses where they are with someone they should not be with or, in fact, they have to even provide sex so they do not freeze to death outside.

– *Evidence*, February 18, 2008

Carol-Anne Scott, the director of the Iqaluit, Nunavut Project and Director of the Homeless Shelter for the Salvation Army, shared similar, disturbing evidence of the prevalence of “survival sex:”

We are often contacted by women looking for a place to stay. We have assisted by placing them in a hotel room for a few days and, just recently, have placed one woman with a room for a week. The men, women and children, too, house and couch surf, looking for a roof over their heads for the night. Some women go as far as giving themselves to someone in exchange for a warm bed. For the people here, this is learned behaviour for survival that degrades them. Women should not have to lose their self-respect and dignity for warmth and safety because of lack of available and affordable housing. Often, when forced to share housing, they put themselves and their children at risk of further abuse.

– *Evidence*, February 21, 2008

The causes and consequences of northern homelessness are numerous and inter-related. For some, homelessness is the result of a simple economic fact: like rural areas close to urban centres in the south, the economic boom in the North has driven real estate and rental prices out of reach for most low wage earners and even those with earnings that put them well above conventional poverty lines. Gordon Van Tighem, the mayor of Yellowknife, told the committee how in his community, “[v]acancy rates have dropped dramatically. Rents have risen. The economic boom is leaving some individuals and families out in the cold or living in untenable situations” (*Evidence*, February 19, 2008). David Krutko, the member of the Northwest Territories Legislative Assembly for Mackenzie Delta offered some additional detail on the situation in the Northwest Territories:

In the last two years, the price of construction in the Northwest Territories has risen from \$185 a square foot which was the original cost estimate from the Housing Corporation to build a house to \$330 a square foot right now. The cost of that house has almost tripled. If you want to purchase that home that you were looking at two years ago, it is going to cost you three times as much as what it did previously. There is a 30 per cent increase. People cannot afford to own a big home in small communities because the cost of building a big home. Even the houses we are delivering in our small communities, to get them on the ground and try to sell them on the open market, you are selling small three- or four-bedroom units in communities in the range of almost \$330,000. People cannot afford that on a wage of \$31,000. That is the challenge that we are faced with.

– *Evidence*, February 19, 2008

While affordability and availability are at the heart of the housing and homelessness problem in the North, homelessness is also driven by factors such as disability, the sudden loss of employment, and for women and children especially, an attempt to escape an abusive family situation.²²¹ Arlene Hache, executive director of the Centre for Northern Families, summarized the evidence on why housing and homelessness are such big issues in the North, especially for women:

[E]very woman is vulnerable in the Northwest Territories. You can have a home one day and it can be gone the next day. Part of it goes back to the expensive living in a community. Part of it goes back to the lack of housing in a community, meaning that the government, in many communities, is the only housing provider. If they boot you out, you are booted out. There really is

²²¹ *Ibid*, p. 12.

nowhere to go. The other huge factor is behaviour and circumstances of partners, meaning that many of the women we see have lived and live in violent relationships. They are financially penalized and they are evicted based on their partner's behaviour, drug use and all that sort of thing. There is relocation of women from one community to another. Half of the Northwest Territories' population lives in Yellowknife. That is a pretty shocking outcome. Many of the women I talked to over many years now are fleeing all kinds of things from their home community because resources are not invested in the small communities. Then they come to Yellowknife because they think that it is better and different. It really is different, but it is not better. They end up in an urban environment. They do not quite know how the city functions as it functions very differently from the communities.

– *Evidence*, February 19, 2008

As Ms. Hache's testimony suggests, a lot of the housing and homelessness problem found in the capital cities of Whitehorse, Yellowknife and Iqaluit actually stems from problems in more rural parts of the territories.²²² Kevin Menicoche, the Member of the Legislative Assembly of the Northwest Territories for Nahendeh, for example told the committee that "there is a lot of overcrowding in our smaller communities" (*Evidence*, February 19, 2008). Still, the broad trend seems to be for the housing and homelessness problem to concentrate in "urban centres," including smaller regional centres. Gordon Van Tighem for example relayed a conversation he had with the Grand Chief of the Tlicho people, who have a land claim agreement covering some 39,000 square kilometres largely to the north of Yellowknife:

About a year ago, the Grand Chief of the Tlicho phoned me up and said, "I cannot understand that our central community, Behchoko (2006 population 1,894, up 22% from 2001) has developed the problem of homelessness. We have people who have no place to live." I think that is the key answer. Behchoko became the regional centre. It was where the Tlicho government was established and, in our case, Yellowknife is a regional centre. This is where you have access to those types of services. It is a larger centre. You can come here and join in. The majority of the people who make up the shelter population primarily are ones who have followed relatives who have moved from the traditional economy to the wage economy and fallen into some challenges or problems in doing that, people who have a longstanding challenge with substance abuse and people who have a need for assistance with their mental health.

– *Evidence*, February 19, 2008

²²² It is also important to bear in mind that by at least some definitions (and certainly from a southern perspective), the three territorial capitals and especially Iqaluit (population 6,184) would be considered rural.

It is clear that housing and homelessness are pressing, urgent concerns across the North. It is also clear that the current policy approach is not working. In its study of housing and homelessness in the North, the YMCA Yellowknife study offered 16 recommendations, including recommendations for a national housing policy sensitive to the needs of vulnerable women and the North (i.e., “needs-based funding instead of per capita funding), an increase in the supply of decent low-income housing (as opposed to “affordable” housing), more funding for emergency shelters and second-stage housing in the North, and recommendations aimed at increasing and improving the quality of evidence and research on homelessness in the north.²²³ With these suggestions in mind,

RECOMMENDATION 9-8: The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of the North and are sensitive to the particular challenges faced by women in the North. This research should form the basis of the next generation of homelessness and affordable housing initiatives.

Conclusion

In our interim report, the committee quoted Dr. Harry Cummings, a professor in the School of Environmental Design and Rural Development at the University of Guelph, as warning the committee against the “tyranny of averages” (*Evidence*, October 31, 2006) – the tendency for many rural issues and concerns to be dismissed out of hand simply because the aggregate average numbers suggest there is no problem. As we insisted in that interim report, however, rural Canada is far from being a homogeneous “place.” The concerns of rural dwellers in Newfoundland and Labrador are not the same as those in rural Ontario or rural Saskatchewan or rural Alberta. This heterogeneity is perhaps most obvious when considering housing: Fort McMurray, Alberta and the three territories have dramatic housing shortages while Smooth Rock Falls, Ontario, suffers from an excess housing supply relative to the local economy’s current potential.

²²³ Some of the recommendations fall under territorial jurisdiction (see, for example, recommendation 7 (p. 149, which recommends addressing “landlord and tenant issues by reforming Territorial Landlord and Tenant Acts”), while others are dealt with in other chapters of this study (Recommendation 8 for example is to “implement poverty reduction strategies” (addressed in Chapter 7) while recommendation 13 is to “ensure access to affordable childcare” (addressed in Chapter 8)).

As with so many other themes in this report, it is also important to bear in mind that the measures proposed in this chapter would likely have beneficial effects above and beyond providing for the basic shelter needs of rural Canadians.

They also tie into several other aspects of our proposed strategy to halt rural decline and rural poverty. Housing renovations, for example, could be expected to generate environmental benefits by conserving energy. Housing co-ops depend on, and could strengthen, the bonds of social cohesiveness that have long characterized rural life. Proposed measures to tap into housing equity could help address the income needs of seniors. The ample rural housing stock has been, and should continue to be, used as a catalyst for rural economic development.

CHAPTER 10: CRIME AND JUSTICE IN RURAL CANADA

As a rural area, with agriculture and large tracks of forest, major grow operations have been detected, so it is not to say that there are no problems with drugs. In fact, we have had people come from other parts of Canada because it is seen as a quiet, remote area. In fact, some farm properties back in the South Mountain have experienced notable drug busts.

– Keith Robichaud, Chief Administrative Officer, Annapolis County,
Evidence, February 22, 2007

The depopulation of rural Canada allows opportunities for people to undertake those kinds of activities without scrutiny. Also, farmyards are not attended anymore, so you can get the chemicals you need or steal them. It is not necessarily the people living in rural areas who are doing those activities. Rather, people are taking advantage of the depopulation of rural areas; that is what you are seeing in some of those situations.

– Diane Martz, Research Manager,
Prairie Women’s Health Centre of Excellence,
Evidence, November 23, 2006

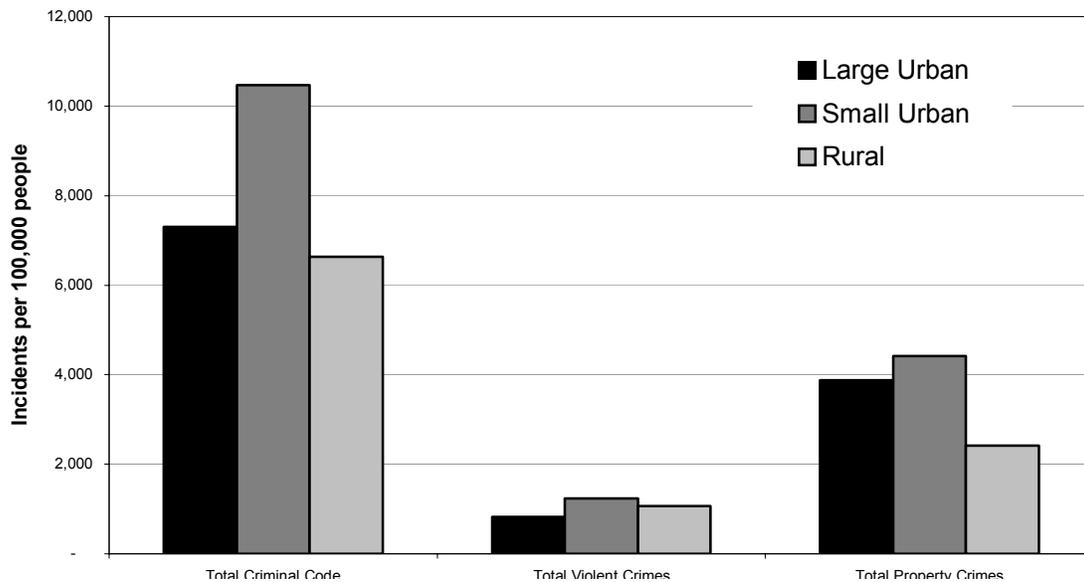
Judging from the nightly news, crime would appear to be mostly an urban problem. Drugs, prostitution, and property crime seem distant from the traditional perception of rural Canada as a place where people rarely lock their doors, often leave car keys in their vehicles, and generally look out for each other.

The available data on crime in rural Canada tend to support this view. Figure 10-1 shows rates for total crime, violent crime and property crime for rural, small urban and urban Canada in 2004. In every instance, the rural Canadian crime rate is below the rate in urban or small urban areas or both.²²⁴ Figure 10-2 shows data for violent crimes in rural versus urban Canada, again for 2004. For all three types of violent crime, namely, sexual assault, robbery, and physical assault, the crime rate is considerably lower in rural Canada than in urban Canada.

²²⁴ This study uses the census definition of rural; see Figure 10-1 for an explanation. Note that “small urban” could very well include many areas that most people would think of as rural, so it is important not to exaggerate the rural Canada “crime advantage.”

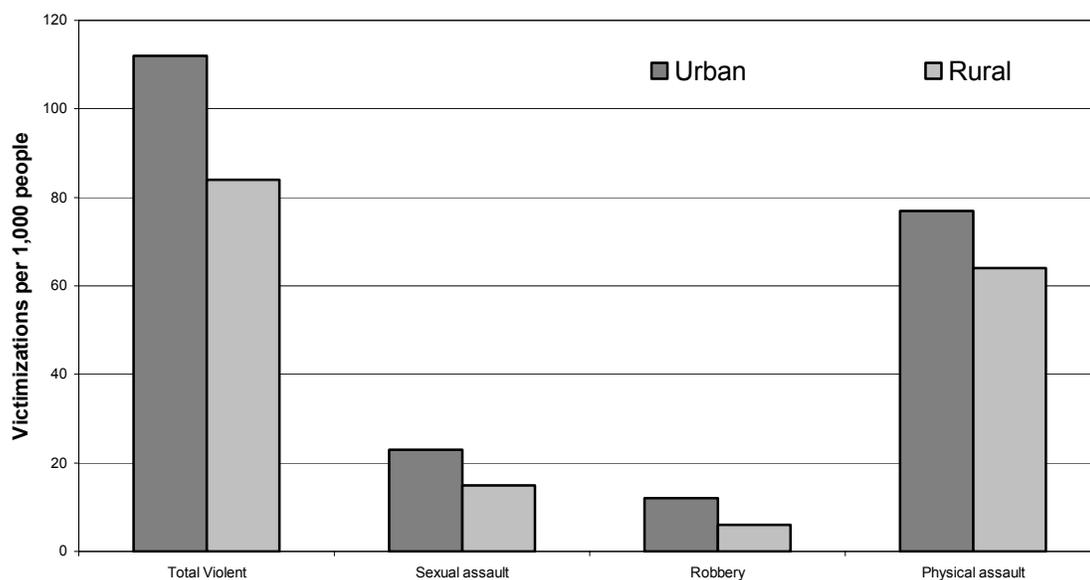
BEYOND FREEFALL: HALTING RURAL POVERTY
CHAPTER 10: CRIME AND JUSTICE IN RURAL CANADA

Figure 10-1
 Crime Rates in Urban, Small Urban and Rural Canada, 2004



Source: Joycelyn Fancisco and Christian Chénier, "A comparison of large urban, small urban and rural crime rates, 2005," Juristat: Canadian Centre for Justice Statistics, Statistics Canada Catalogue No. 85-002-XPE, Vol. 27, No. 3

Figure 10-2
 Violent Crime Rates in Urban, Small Urban and Rural Canada, 2004



Source: Maire Gannon and Karen Mihorean, Criminal Victimization in Canada, 2004, Juristat: Canadian Centre for Justice Statistics, Statistics Canada Catalogue No. 85-002-XPE, Vol. 25, No. 7

Some rural communities, such as Annapolis Royal in Nova Scotia, emphasize their low crime rates to entice urban residents to settle in their area. John Kinsella, the Mayor of Annapolis Royal, told the committee for example that people “deliberately move to the town of Annapolis Royal because they are attracted to the fact that we have a low crime rate” (*Evidence*, February 22, 2007). The committee, however, heard some disquieting evidence which suggests that the limited data on rural-urban differences in crime rates may mask important problems in some parts of rural Canada. In this chapter, the committee looks at two crime-related issues that came up over the course of our hearings in rural Canada, namely the proliferation of grow-op movements and the hidden nature of family violence in rural Canada. In the last section of the chapter, the committee looks at a third related issue, namely the difficulty many low-income rural residents face in obtaining legal-aid and poverty-law services.

Drugs, Grow-Operations And Organized Crime

The small little community of Maniwaki that has barely 6,000 people hit Global Television because there was a standoff in town. The rumble was drug-related, but there was also racism and all the other stuff. That is sad, but that is not only in Maniwaki. I think that is throughout rural Quebec, rural Ontario, rural Canada and it is a serious problem.

– Fred McGregor (testifying as an individual),
Evidence, June 8, 2007

Nicolet is a beautiful small town (population 7,827 in 2006) situated at the confluence of the Nicolet River and Lac St. Pierre in the heart of rural agricultural Quebec. It is a prosperous community by rural standards: its agricultural sector benefits from fertile land, it is conveniently close to Trois-Rivières (25 kilometres away, population 126,323 in 2006), and it has a large service sector that includes a provincial police training academy, the headquarters for both Sogetel (a telephone company that serves the Centre-du-Québec region which encompasses Nicolet) and the regional county municipality of Nicolet-Yamaska, as well as regional offices for l’Union des producteurs agricoles, Quebec’s Ministère de l’Agriculture, des Pêcheries et de l’Alimentation, and several religious orders.

Nicolet, in short, hardly seems like the kind of community that might harbour a flourishing drug trade. But on 10 May 2007, roughly a week before the committee's hearings in Nicolet, the town made the provincial news because it and several other rural Quebec communities were the target of a drug bust operation by the Sûreté du Québec. In Nicolet alone, the Sûreté seized some 4,000 marijuana cuttings, 200 cannabis plants, and about 100 capsules of meta-amphetamines. The incident helped cement the area's reputation as the "golden triangle" of rural grow-operations in the province.²²⁵ On 18 May, 2007, appearing on his own behalf, local resident Robert Gendron told the committee that poverty, often hidden but still present, lies at the heart of the area's drug problem: "Poverty has resulted in our region becoming a drug producer. As you probably know, we have major problems with marijuana grow-ups in our region, and this is all linked to the issue of poverty. When people are without work, they try to find a way of managing. Drugs are an illegal activity and this is the wrong direction for people to take." (*Evidence*, May 18, 2007)

The committee heard evidence of similar problems in other rural communities. In Maniwaki, a two-hour drive north of Ottawa in the Gatineau area of Quebec, the committee was told that closures and shut-downs in the local forestry sector have led to high poverty rates and a serious drug problem. Darlene Lannigan, an assistant in the Maniwaki office of Lawrence Cannon, Minister of Transport, Infrastructure and Communities, shared with the committee anecdotes about the drug trade in local schools:

The poverty in this area is a major problem. Before working for Mr. Cannon, I taught at a high school here in Maniwaki and I taught at a high school in Gracefield, which is one of our smaller municipalities. Obviously, when there are no jobs, and there is not any money coming in, parents have to look to other alternatives to support their families. It is unfortunate that some people have to turn to crime. The most popular and profitable crime is drugs. We have many families who do not work, yet we see that they live very well. We wonder how they can live without a regular income. Obviously, we know where that money is coming from. The worse part is we also know that money comes from teenagers. I would like to say it is limited at the very worst at the high school level, but no, it is also in the elementary system. Mr. Cannon did a roundtable on crime in

²²⁵ See "10,000 boutures et plants saisis ; Mario Laplante fait partie des cinq individus arrêtés," *Le Nouvelliste* [Trois-Rivières], 11 May 2007, p. 3; and Ariane Lacoursière, "Importante saisie de drogue," *La Presse*, 11 May 2007, p. A10. A police spokesperson cited in the *Le Nouvelliste* article suggested that the cuttings were destined for nearby farmers' fields and/or greenhouses and noted that police typically try to stage these kinds of drug busts in springtime, ahead of the planting season.

Gracefield. We chose that area because it is one of the worse areas in the Upper Gatineau Valley. The police force informed us that the drugs that they call Maniwaki Gold and Gatineau Gold are exported out of our area into other provinces in Canada. At the school in Gracefield, high school students were pushing drugs for their parents. We also asked for the intervention of the RCMP, other police forces and social workers and so on and so forth. We also met with the students.

We advised the representative from the RCMP that when he comes into this area, it is not a normal area. He walked into the first classroom and said, “Children steal from their parents to buy drugs.” I said, “No, it does not work like that here. The children are part of their parents’ enterprise. They get up in the morning and say, ‘It is okay because I do not have to pay for my drugs. I choose what I want on the table that my parents have not consumed the night before.’ Also, they tell me to bring some to my friends.” Principals or vice-principals met with students in who told them how much they had sold. It was a very good enterprise. They were talking like real business people and saying, “I sold so much of this and so much of that and my business is very good, but now I have to recruit people to sell more.” So now, we are going into the elementary system.

– *Evidence*, June 8, 2007

Economic prosperity in rural and formerly rural communities can also create a ripe environment for the drug trade and organized crime. In his testimony, Michel Aubin, director of drugs and organized crime for the RCMP, noted for example that “the oil industry, for one, has injected enormous wealth into previously small, isolated communities. The booming diamond industry in the North has brought similar success. With this increased wealth comes increased opportunity for criminal organizations to infiltrate these communities.” (*Evidence*, February 26, 2008)

Despite this strong anecdotal evidence, there is unfortunately little in the way of nationwide data that could provide a full sense of the breadth and depth of the rural drug trade and rural grow-operations. The little we do know suggests that rural police have reason to be concerned about the drug trade. Mark Allen, Manager of the Crime Prevention Section of the Ontario Provincial Police (OPP)’s Investigation Bureau told the committee for example that in Ontario, there has been a sharp increase in the number of outdoor versus indoor grow-operations, with the latter typically found in urban areas and the former most often found in rural areas:

In 2002, our Drug Enforcement Section, DES, dismantled 480 indoor grow operations and 249 outdoor grow operations. Since that time, DES has seen a steady decline in the indoor grow operations but a steady increase in outdoor grow operations. The ratio of outdoor to indoor grow operations has been continually reversing. In 2007, of the 551 grows we dismantled, 365 were outdoor grows as opposed to 186 indoor; two-thirds of them were outdoors. A number of reasons could be cited for this shift. One reason is increased enforcement on indoor grows has pushed growers to rural outdoor operation. The second reason could be economics. [...] land is cheap in rural areas and one annual marijuana harvest could be equal to the annual harvest of 10 indoor grows. Finally, the rural nature of where most grows are located often makes detection more difficult, and, in general, our officers are spread more thinly in rural areas.

– *Evidence*, February 26, 2008

Nationally, the Research and Evaluation Branch of the RCMP in 2005²²⁶ conducted what it called “groundbreaking research” on the policing of organized crime²²⁷ in rural Canada. It found that, for a variety of reasons, organized crime is not seen as a priority for rural police officers even though across the country, “illegal drugs were probably the most important concern identified in all the regions visited”²²⁸ and “drug activity is seen as the main example of linkages with organized crime.”²²⁹ The RCMP study suggests that one of the main reasons for the low priority accorded to organized crime is that rural police officers have difficulty identifying organized criminal activities that do not fit stereotypes “such as ‘Mafia’ based groups or motor cycle gangs which, in most locations are not a concern. [...] In other words, organized crime is present but rather difficult to define and identify in their areas.”

Rural police are also, however, hampered in their efforts to address organized crime by the nature of the locations where they work. Routine police activities require extensive and time-consuming travel, leaving “surprisingly limited” time for “attending to such activities as criminal matters, service-related functions and order maintenance.”²³⁰

²²⁶ Marcel-Eugène LeBeuf, *Organized Crime and Policing in Rural and Remote Canadian Communities: A Study of Police Officers’ Perceptions and Current Actions*, Royal Canadian Mounted Police Research and Evaluation Branch, 2005, available upon request at: http://www.rcmp-grc.gc.ca/ccaps/oc_remotecommm_e.htm.

²²⁷ In the Criminal Code of Canada, a “criminal organization is three or more persons formally or informally organized for the purpose of committing a criminal offence for direct or indirect benefit.”

²²⁸ LeBeuf (2005), p. 18.

²²⁹ *Ibid.*, p. 6.

²³⁰ *Ibid.*, p. 24.

In other words, rural detachments are often understaffed. In the Yukon for example, the committee was told that there are no police patrols of the Territory's highways whatsoever, although there are, according to Larry Bagnell, Member of Parliament for the Yukon, "... RCMP stations in each community, but they seldom go outside their community, unless they are coming into Whitehorse for meetings or whatever. So there is no highway patrol" (*Evidence*, February 18, 2008). In Yellowknife, Mira Hall, chair of the Women's Committee and Territorial Representative of the National Anti-Poverty Organization (NAPO), told the committee how the lack of police officers in the North has direct bearing on women: "The problem of not having RCMP in each community is demonstrated by women phoning my office, looking for emergency protection orders. They have phoned RCMP stations who say that they will deal with it the next time they fly in. That leaves the women at risk. I am incredibly surprised that our murder rate is not higher." (*Evidence*, February 19, 2008)

High turnover rates mean that rural police detachments often lack the skilled staff necessary to investigate organized crime or even access the RCMP's National Crime Database (where organized crime activity is registered). The geography itself impedes surveillance and search, while providing potential hiding places for criminals. Finally, there is the very different nature of attachment to the community in rural versus urban settings. As the RCMP study notes,

Rural policing is different from city policing in many important respects. Small town/rural policing requires that members drive long distances to cover the territory, show an active daily presence in the community, and maintain social relations with the community outside police duties. It requires being closer to the community, handling a wide range of community and social problems not necessarily related to law enforcement, and responding to what communities perceive as major local issues.

In the conclusion to its study, the RCMP offers four recommendations on ways to better address organized crime in rural Canada. These include disseminating the study itself to rural detachments to increase awareness; setting up on-line training programs related to organized crime; focusing more on helping rural officers adapt to information technology; and undertaking a follow-up study to look at the "social impacts of organized crime in rural and remote communities."

The committee supports these recommendations but notes that its work on this chapter, and even the RCMP study itself, were hampered by the lack of solid research on the nature of rural policing and rural crime in Canada. More research is needed in this area. As the RCMP study notes, “although many Canadians live in these communities, researchers have paid very little attention to rural crime and none at all to rural organized crime.” A review of the report’s bibliography reveals just how true this is – the report does not cite a single published report on policing in rural Canada, although it does reference a handful from the United States and the United Kingdom.

RECOMMENDATION 10-1: The committee recommends that the federal government implement the recommendations contained in the RCMP study entitled “Organized Crime and Policing in Rural and Remote Canadian Communities” and that the RCMP, along with the proposed Department of Rural Affairs, fund additional research into rural crime and rural policing.

The Hidden Nature Of Domestic Violence In Rural Canada

Our experience shows that particularly in the northern parts of our province, when there is a downturn in the economy, such as when a major local employer closes, stress levels among those affected increase. The levels of family conflict, including domestic violence, also increase as families try to cope with the loss of employment. Historically, Ontario's northern economy has been steeped in natural resources. The depletion of natural resources, combined with other economic factors, has contributed to the depopulation of northern and rural communities. We also recognize that there are a number of risk factors contributing to both the continuation and under-reporting of domestic violence and abuse generally. Those factors include isolation; lack of support services, including women's and children's shelters in rural communities; lack of transportation and substance abuse. In essence, many victims of domestic violence simply feel trapped. Resources are limited, distances are significant to social agencies that could help and, in many cases, victims feel they have no alternative but to remain in the situation and endure the abuse. Other factors that may affect a victim's decision to report abuse may include the following considerations: Who will take care of the farm, home or business when the offender is removed? Who will ensure the safety of children and pets if a victim decides to leave? In certain circumstances, based on ethnic origins, issues of social acceptance come into play.

– Mark Allen, Manager of the Crime Prevention Section of the
Ontario Provincial Police (OPP)’s Investigation Bureau,
Evidence, February 26, 2008

Part of the challenge of studying and trying to understand crime in rural Canada is that rural communities tend to deal with crime differently than urban areas. In many

cases, criminal activities, especially domestic violence, go unreported. The same tight social bonds that are one of the main strengths of rural communities can also restrict the willingness of victims to report incidents of domestic violence to police officers, most of whom are perceived (and are) “outsiders” to the community (i.e., from “away”). The RCMP study notes, for example, that

citizens of remote and rural communities tend to be long-term residents. Long-term stability is really in the hands of the community and some potential instability may come from the police themselves. People that belong to a community for a long time (often several generations), tend to settle their problems informally among themselves, especially if there is no major criminal element involved. Even criminal behaviours such as physical violence may not be reported.²³¹

Despite the reluctance of some rural Canadians to report criminal activities and especially incidents of domestic violence, the committee heard from a number of witnesses who cited anecdotal evidence which seems to suggest that the stresses caused by rising unemployment, declining populations and seasonal work are leading to an increase in the reported incidence of family violence in some parts of rural Canada.

The committee heard some first-hand evidence to this effect at its hearings in Kapusaksing, Ontario (population 8,509 in 2006, down 7.9% from 2001), a community with an economy that is largely dependent on the forestry sector and which ranked third in Statistics Canada’s list of the top 10 communities experiencing the largest population declines between 2001 and 2006.²³² Mona Comeau, Services Manager at the Jeanne Sauvé Family Services in Kapuskasing, told the committee that:

We have kids and families coming to our attention with more complex needs than in the past. We are dealing with a lot of high-risk families. There has been an increase in domestic violence. An unbelievable number of referrals are made at our agency and there has been an increase over the last several years, more so with regard to domestic violence and substance abuse, which I referred to a while back. Of course, as you mentioned, that has an impact on children as well. It has an impact on the resources and the services that we need to put in place.

– *Evidence*, June 1, 2007

²³¹ *Ibid*, p. 17.

²³² See: <http://www12.statcan.ca/english/census06/analysis/popdwell/Subprov7.cfm>.

In Prince George, British Columbia, another forestry-dependent community, the committee heard similar evidence. Theresa Healy, an adjunct professor at the Department of Gender Studies and the School of Environmental Planning at the University of Northern British Columbia, told the committee for example that “the economy in the North goes with boom and bust, and I believe that violence in the family, depression, mental health issues and so on all arise because of a man’s lack of capacity to find another job when all he has ever done is work in the woods and that has been undermined.” (*Evidence*, March 5, 2007)

Sharon Hill, Executive Director of the non-profit New Focus Society child care resource and referral service, said that domestic violence is especially problematic in Quesnel, British Columbia, a forestry-dependent community about 120 kilometres south of Prince George whose population fell 7.1% between 2001 and 2006: “Quesnel has a higher than normal incidence of domestic violence due to the stressors brought on by seasonal employment, a fact of a forestry resource industry, and that impacts the children of these families who learn to solve their problems through violence, thus continuing the cycle.” (*Evidence*, March 5, 2007)

Marjory Gaouette, Director of Programs of the Foundation for Rural Living, told the committee that based on her years of experience in violence and abuse prevention with the Canadian Red Cross, the problem of violence, while not always caused by poverty, does tend to grow more acute as a rural community goes into decline.

One of the points in a declining community where your supports become less and less [...] is that the human supports have less capacity to deal with community and other family problems because they are so engaged in their own situations that these become exasperated and hidden. This lack of support can push some families into abusive situations that may not have existed if adequate supports were available to them. I am referring to financial support and the ability to meet basic needs such as food, housing and clothing. Without the ability to meet basic needs people become unable to interact with the community and the social network that can help with these problems. It is a huge issue in isolated rural and Aboriginal communities that have few social networks and resources.

– *Evidence*, March 29, 2007

Similarly, Diane Martz, Research Manager at the Prairie Women’s Health Centre of Excellence, noted that “in terms of more criminal kinds of behaviours and so on, what I

have heard anecdotally — again, we have not looked at this systematically — is that some of the mental health cases that are being seen, certainly with people under stress and so on, do involve incidences of family violence. The Farm Stress Line is documenting that as well. When people get very stressed, some of those behaviours seem to come out.” (*Evidence*, November 23, 2006)

Once caught up in a cycle of domestic violence, it can be difficult for victims who live in rural Canada to escape an abusive situation. In our interim report we quoted Dr. Tony Fuller, a professor in the School of Environmental Design and Rural Development at the University of Guelph, as saying that “the flash points in abusive relationships were often about who gets the keys to the single car in the household. It is very easy for males to commandeer the keys and therefore trap females in remote, isolated, rural situations” (*Evidence*, 31 October 2006). At our hearings in Athens, Ontario, Dianne Oickle, a registered dietician and public health nutritionist at the Leeds, Grenville and Lanark District Health Unit, shared with the committee anecdotal evidence that supported Dr. Fuller’s claim:

I work with many teenage and young moms, women living in poverty and single moms in various family structures. Anecdotally from the clients that I have had, I can tell you that a large proportion of those moms, whether teens or adults, live rurally with limited transportation. “Rurally,” for some of our clients means down a dirt road in between the gas station and the town that is 20 kilometres down the road. It is very rural. Beyond the typical physical health risks that they face, they are at increased risk of becoming caught in a violent family situation, for instance, because they do not have the transportation to escape it. They face an increased risk of violence.

– *Evidence*, March 30, 2007

In Canada’s three northern territories, it is especially difficult to escape family violence situations because of the small population and vast distances that separate communities in the North from social services in the rest of Canada. Barbara Powick, Executive Director of Kaushee’s Place (in Whitehorse), explained:

One of the things we see a lot in the North, and I have worked in other transition houses in the south and you did not see this as much as you do up here, is I am going to use the words “a mobbing mentality” because I do not know how else to say it, especially in the communities. If an offender will enrol their family into abusing the women also and containing it, concealing it, maintaining this silence

around it. The women's response, of course, are quite normal. They might pull out of activities. They might have a difficult time engaging. They may have suicidal thoughts. They may be depressed. They go to the doctor. Those are pretty much the common signs of depression. So a lot of these women who are experiencing violence in the North are so misrepresented. They will go to the doctor and get anti-depressants which are going to numb their ability to respond quickly to an onset of violence. One of the normal responses to deal with violence is you do not sleep very well. Of course, you do not. You need to be a light sleeper to just survive. So the medication just complicates things. Then, she may go to a lawyer who, again, kind of misinterprets who she is, what she has gone through. Just that incredible state, if you can imagine living in a town where you might have a few hundred people and a third of those people are connected to the family of your abuser and they are concealing and turning things around so that your whole framework on how you perceive things is compromised. Your whole ability then to start thinking, "Am I crazy", there is this whole contextual thing that happens in the Yukon that really affects the mental, emotional and spiritual wellbeing of women in the Yukon.

– *Evidence*, February 18, 2008

Ms. Hall from NAPO relayed similar evidence:

I have met women who are brought into Yellowknife because they have been so badly abused in their communities and have not been able to access support from a community base because their abusive partners are related to everybody else there. I have met people who have had difficulty accessing income support in their communities because they have to access it from an income support officer who is the brother, sister or grandmother of an abusive partner whom they have left.

– *Evidence*, February 19, 2008

Exposure to violence, especially in early childhood, can have a lasting impact on an individual. At the committee's hearings in Humboldt, Saskatchewan, Linda Nosbush, Chair of the Ministerial Advisory Board on Early Learning and Child Care for the Minister of Learning, shared with the committee some anecdotal evidence based on in-depth interviews with 15 young girls who were part of a street gang in Prince Albert, Saskatchewan (population 34,138 in 2006, down 0.4% from 2001) but originally from rural areas:

All the girls, except one, describe troubled homes where parents were frequently violent and abusive to them. A number describe early and prolonged sexual exploitation from family members. How can people learn to trust when they are physically, sexually and emotionally exploited from a very young age? Four participants provided vivid descriptions of this early and prolonged exploitation,

some beginning under two years of age; others alluded to it in passing, as if it were the norm.

– *Evidence*, March 8, 2007

To a significant extent, the problem of violence and especially domestic violence in rural Canada is best addressed by tackling the factors that cause and/or exacerbate that problem, namely, the poverty that often is part and parcel of rural unemployment; depopulation; and inadequate access to services (health, education, transportation and others). These are all themes that require long-term approaches and which the committee looks at elsewhere in this study. In the meantime, the federal government can play two vitally important roles right away. First, it can fund badly needed academic and community-based action-oriented research into the unique features of domestic violence in a rural setting.²³³ Second, applying this research, it can use its Family Violence Initiative²³⁴ to fund regional forums where federal, provincial/territorial and community leaders (RCMP, volunteer groups, social service agencies) as well as survivors of domestic violence can get together to devise the appropriate response to the problem for the *local* context. As the committee testimony clearly demonstrates, the solutions to domestic violence in the far North are likely to be quite different than those suitable to rural southern Ontario.

RECOMMENDATION 10-2: The committee recommends that the federal government fund academic and community-based action-oriented research into the causes of, and response to, domestic violence in rural Canada. Applying this research, the federal government should take a leadership role, through its Family Violence Initiative, and support regional forums that bring together federal, provincial/territorial and community leaders, non-governmental organizations, front-line service providers, and survivors of domestic violence in order to develop appropriate responses to family violence in rural areas.

²³³ The need for this research was confirmed in informal conversations with leading experts and practitioners, including Ms. Martz from the Prairie Women’s Health Centre of Excellence.

²³⁴ The federal government created the Family Violence Initiative (FVI) in 1988 with the long term goal of “reducing the occurrence of family violence in Canada.” Since 1996, the initiative has had \$7 million in permanent annual funding. For more information on the FVI, see Public Health Agency of Canada, “The Family Violence Initiative (FVI): Reducing Family Violence - A Comprehensive Federal Approach,” available at : http://www.phac-aspc.gc.ca/ncfv-cnivf/familyviolence/initiative_e.html

Legal Aid Services In Rural Canada

Poverty intersects with the justice system in other important ways. For example, many low-income Canadians cannot afford the kind of legal representation they need to adequately defend themselves in criminal cases or to settle civil disputes in areas that fall under the heading of “poverty law,” namely matters relating to housing law, consumer/debt problems, work-related issues such as employment standards and occupational health and safety and income maintenance law linked to programs such as Employment Insurance, the Canada Pension Plan, welfare/social assistance and family benefits. Jeanette Savoie, a Barrister and Solicitor who is hoping to start a non-profit poverty-law clinic in Yellowknife, Northwest Territories, explained the difference between poverty-law and more traditional practices:

In the traditional practice of law, a client identifies his or her own legal need, brings a problem to the lawyer, and instructs the lawyer as to his or her wishes. By way of contrast, the economically disadvantaged often lack information about their rights and entitlements. They may also be unable to bring forward their legal claims because of the destabilization of their lives by abuse or homelessness, or because of their illiteracy, lack of education and often the discrimination they suffer in their day-to-day lives because of those social conditions, or the fact that they often do not speak English or French as a first language, and the inability to access resources and communication facilities in isolated communities.

– *Evidence*, February 19, 2008

In theory, legal aid services are designed to help low-income individuals with these kinds of disputes. In practice, legal aid coverage is often limited. Darren MacLeod, the managing lawyer at the Annapolis Royal Office of Nova Scotia Legal Aid, told the committee for example that funding constraints mean that his office deals strictly with criminal cases “where there is a risk of incarceration” and “significant” family law matters involving children. Consequently, clients with poverty-law type cases are turned away:

If you are poor in most of the country, and Nova Scotia in particular, and you have any other legal issue, you will go without legal representation. Hence, anybody facing a Canada Pension Plan appeal, an EI appeal, a social assistance appeal, a landlord-tenant dispute, debtor-creditor relationship, property issues upon the breakdown of a marriage where there are no children or something of that nature, will go without legal representation.

– *Evidence*, February 22, 2007

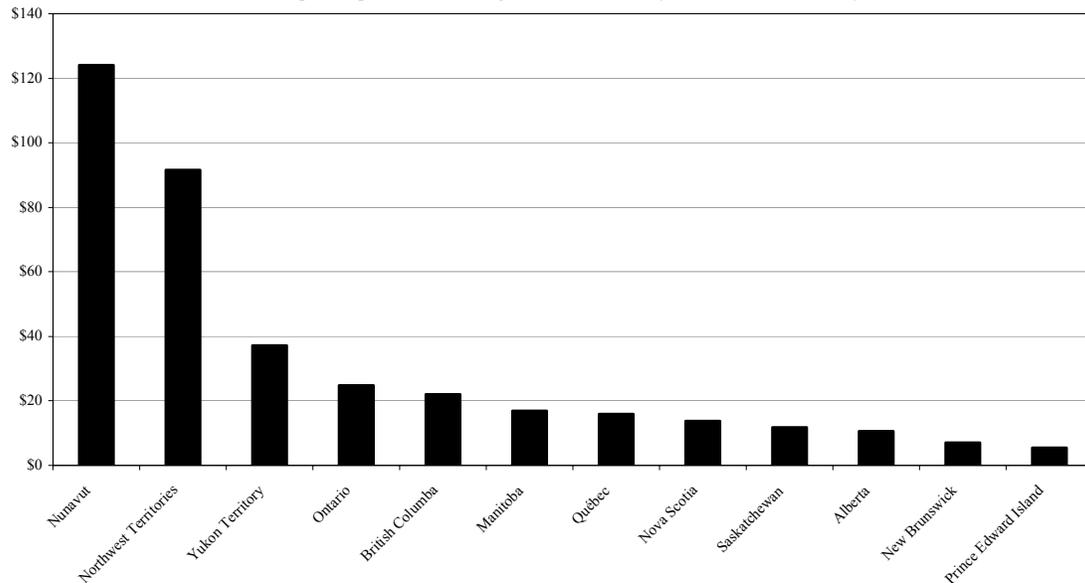
In many parts of rural Canada, the income barrier is compounded by transportation, language and cultural barriers, especially in some of the more remote northern parts of the country. Paul Nettleton, the Poverty Law Counsel with the Legal Services Board of Nunavut, told the committee that he is the *only* poverty-law lawyer for Nunavut, an area one fifth the size of Canada where air travel is the principle means of transportation and where many are confused by the complexities of social programs designed for another culture and way of life:

In fact, there are real challenges associated with servicing the entire territory, not just in my position, but for all of us involved in Legal Services. For instance, Inuit court workers, we have less than half of the communities in this territory with court workers because we simply do not have the funds for those court workers. There are three family lawyers servicing the entire territory, with hundreds of applications on the desk of our head office which is located in Gjoa Haven and many more coming in on a daily basis representing clients who have huge issues around housing, custody access support. We really are in a state of crisis with respect to the funding in our ability to serve this vast territory.

– *Evidence*, February 21, 2008

The evidence bears out Mr. Nettleton’s point. *Per capita* expenditures on legal-aid services in the three territories far outstrips expenditures in the provinces, as shown in Figure 10-3:

Figure 10 -3
Per Capita Expenditures on Legal Aid, 2001-02, by Province and Territory



Source: Adapted from Karen Hindle and Philip Rosen, *Legal Aid in Canada*, Library of Parliament Publication PRB 04-38E. Note that data for Newfoundland and Labrador were unavailable.

What can the federal government do to address this situation? While the administration of justice falls under provincial/territorial jurisdiction, the federal government has helped fund legal aid services since 1972, when it first established a cost-sharing arrangements with the provinces in which it contributed up to 50 cents per person per province for criminal legal aid and delivered funding for civil legal aid through the 50-50 cost-shared Canada Assistance Plan (CAP). Since the termination of CAP in 1995, it is difficult to say how much the federal government contributes to *civil* legal aid since these monies are transferred as part of unconditional block funding paid to the provinces under the Canada Social Transfer (CST). Provinces can effectively allocate CST money, including money ostensibly targeted for legal aid, as they see fit. Federal funding for *criminal* legal aid, for its part, has fluctuated widely since the mid-1990s, declining in the later part of the decade to as low as \$79.8 million but then rising again to a high of \$124.7 million in 2004-05 and then hovering around \$120 million a year more recently.

Despite the recent increases in *criminal* legal aid funding and notwithstanding uncertainty over the precise amount of *civil* legal aid assistance, there is nevertheless

widespread concern that Canada's legal aid system is under resourced. In 2002 for example, lawyers in Ontario engaged in 'wildcat strikes' because of low pay, while in British Columbia the Law Society censured the provincial Attorney General for cutting provincial support to legal aid.²³⁵ Several Supreme Court of Canada justices have called upon the federal and provincial/territorial governments to increase legal aid funding. Retired Justice Louise Arbour wrote, for example that "there's certainly no perception in the public that legal assistance is in as much jeopardy as the health-care system, but we can't wait for that. There will never be a public outcry about public funding for legal assistance. But I think that in a society that more and more relies on very complex law to regulate social order, you cannot at the same time deprive people of legal assistance."²³⁶

More recently, in the summer of 2007, all 10 provincial justice ministers came to Parliament Hill to seek increased funding for legal aid services.²³⁷ In November 2007, the provincial/territorial Ministers of Justice and Attorneys General issued a press release indicating that their "highest priority" was their "unanimous concern about the ability of Canadians, particularly vulnerable women and children, to access the justice system."²³⁸ The press release went on to note that:

Legal aid is an essential element of providing Canadians with this access. In particular, provincial/territorial ministers pressed the federal Minister of Justice to recognize the shared responsibility for delivery of legal aid to Canadians, to increase federal funding for criminal legal aid, and to provide new funding to support civil legal aid. The federal Minister of Justice stated that support for families is a priority area for the federal government. The federal minister also stated that he is committed to raise provincial/territorial concerns with respect to civil legal aid with the federal Minister of Finance and encouraged the provincial/territorial ministers to also raise the issues with their finance ministers

As Ms. Savoie and Mr. Nettleton's testimony suggests, delivering legal services in the territories and other northern remote areas is complicated by vast distances plus

²³⁵ Karen Hindle and Philip Rosen, *Legal Aid in Canada*, Library of Parliament Publication PRB 04-38E, p. 24.

²³⁶ Kirk Makin, "Crisis in Legal Aid Dire, Arbour Warns," *The Globe and Mail*, 2 March 2002, p. A1.

²³⁷ Government of Newfoundland and Labrador, "Provinces Call for Increased Federal Funding For Legal Aid," *News Release* 21 June 2007, available at: <http://www.releases.gov.nl.ca/releases/2007/just/0621n09.htm>.

²³⁸ Canadian Intergovernmental Conference Secretariat (CICS), "**Federal, Provincial and Territorial Ministers Responsible for Justice and Public Safety Meet**," *News Release Reference Number* 830-926/004k, available at: http://www.scics.gc.ca/cinfo07/830926004_e.html.

language and cultural barriers. Since 1996, the federal government has helped fund legal aid in the territories through what are called Access to Justice Agreements (AJA).²³⁹ These agreements are designed to take into account the unique challenges of the far north, namely the fact that, according to Justice Canada, “(s)mall populations and great distances, distinct community and cultural traditions and language differences require finding innovative means of planning and delivering justice services in Canada's three territories.”²⁴⁰ Funding under these agreements has stagnated at around \$4.9 million since 2003-04 despite, according to our witnesses, a sharp increase in the need for legal aid. Quoting a *Globe and Mail* story entitled “In Nunavut, an Epidemic of Violence and Despair,” David Wilman listed some depressing statistics that speak to the context that creates such a pressing need for legal aid:

Deaths by suicide, 8.3 times the national average,²⁴¹ about 40 times the national average for males in the age range 15 to 24; median income, \$49,000, about \$10,000 less than the national median of \$58,000.²⁴² [...] High school graduation rates, 25.6 per cent compared to 75.6 per cent in other parts of Canada; infant mortality, 16.1 per 1,000 live births compared to 5.3 per 1,000 nationally; age of the population, very young compared to national averages, with a very small proportion of people 65 years and older. [...] The crime rates for homicide, assault and sexual assault are 3.5, 6 and 8 times the national average respectively.

– *Evidence*, February 21, 2008

In his testimony, Mr. Nettleton recommended that the federal government, at a minimum, provide funding that would help clear the backlog of cases that have amassed at the Legal Services Board of Nunavut:

I think one of the things that needs to be addressed is the current backlog, particularly in the area of family law. It is just unacceptable that hundreds of applications for assistance should be sitting on a desk in Gjoa Haven. We simply do not have the resources to even assign those files. Last year, I think the shortfall with the limited budget that we had was somewhere in the range of \$700,000. Again, we have taken on more commitments. I expect there will be further

²³⁹ The agreements cover funding under Justice Canada’s Legal Aid, Aboriginal Courtworker and Public Legal Education & Information program.

²⁴⁰ Justice Canada, “Access to Justice Agreements,” available at: <http://www.justice.gc.ca/en/ps/pb/arr/access.html>.

²⁴¹ The figure quoted in the article is actually 8.9 times the national average. See: Katherine Harding (with a report from Dawn Walton), “In Nunavut, an epidemic of violence and despair,” *Globe and Mail*, 13 January, 2007, p. A1.

²⁴² The figures cited in the *Globe and Mail* text are actually \$49,900 and \$58,100. See, “Alex Dobrota, “Optimistic fresh start has gone unrealized; New government faces old problems,” *Globe and Mail*, 13 January, 2007, p. A7.

shortfalls with respect to next year's budget. There needs to be a real recognition, first of all, that our budgetary issues need to be addressed by the federal government primarily and, secondly, sitting down and working through us, what would be adequate, what would be appropriate with respect to legal services funding here in this territory.

– *Evidence*, February 21, 2008

The committee believes that the federal government must act quickly to address the backlog of legal aid files in Nunavut and wherever else they may exist in the territories. It further believes that governments must do everything they can to minimize the income, access, and cultural barriers to justice, whether in matters related to criminal or civil law. Therefore,

RECOMMENDATION 10-3: The committee recommends that the federal government increase funding under its Access to Justice Agreements in order to clear the backlog of legal aid-related cases in the North. It further recommends that the federal government increase funding for criminal and civil legal aid services. Funding for civil legal aid services should be provided on the same basis as criminal legal aid.

Conclusion

It is difficult to get a true picture of the crime problem in rural Canada. In its review of organized crime in rural Canada, the RCMP lamented the lack of adequate crime data on Canada's rural areas, a vast geographic space which, it is important to remember, is home to almost 6 million Canadians, or almost 20% of Canada's population. It is unacceptable that so little is known about illegal activities in these areas – activities that, as indicated in the earlier discussion of grow-ops, may have far-reaching effects in both rural and urban Canada. The committee's recommendations are aimed at filling this gap.

The committee also believes it is important to stress the connections between crime in rural Canada and other issues addressed in this report. As many of our witnesses pointed out, criminal activity in rural Canada can often be traced back to declining rural economies, the seasonal nature of much rural employment, and of course rural depopulation – all trends that, in turn, erode the fabric of the community, putting strains on services and activities such as the volunteer sector, the cooperative sector, social economy enterprises, and of course sports and recreational activities that could lessen the incidence of violence. These trends are only compounded, of course, by severe shortages

in the availability of legal-aid services in rural Canada. Marjory Gaouette reminded us of these linkages in her remarks to the committee at its hearings in Kapuskasing, Ontario:

Besides addressing education around child abuse and what contributes to it and how we need to stop it, those social networks are critical to engage people. That is what is really crumbling in rural communities when you talk about poverty and access to services. It is not just having the services; it is being able to access those services. It is not just being able to get people to the recreation centre. After you get them there, what about the user fees? It all ties in together. You need to meet your basic needs and you need that social network to keep you healthy, active and engaged.

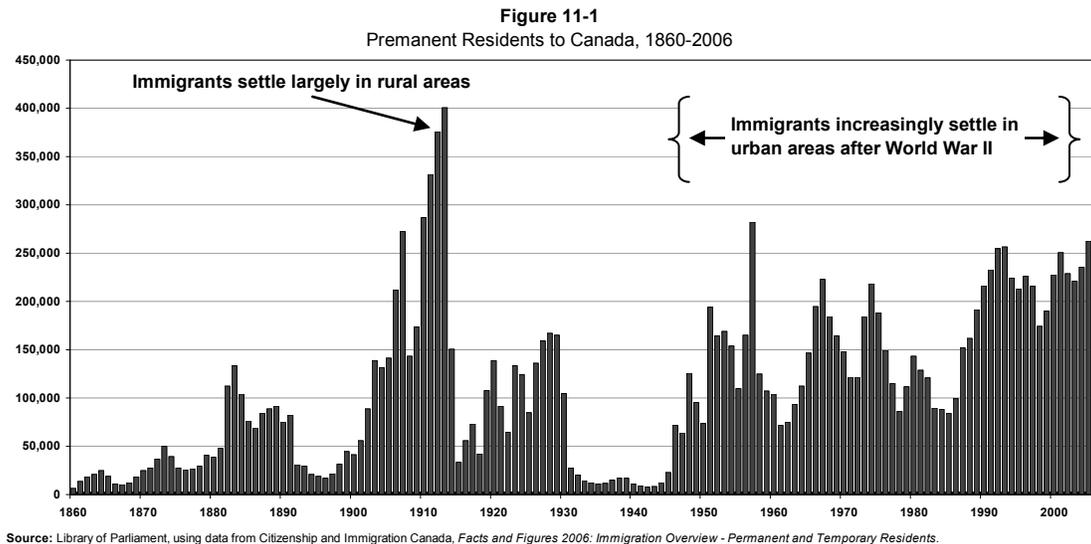
– *Evidence*, March 29, 2007

CHAPTER 11: IMMIGRATION – REPOPULATING RURAL CANADA

Once you start bringing immigrants in, you get a multiplier impact where more immigrants come, and that makes the community more livable because it has more services. The problem is that many rural communities do not have the immigrants and it is difficult to attract them.

– Mark Partridge, Adjunct Professor,
Department of Agricultural Economics, University of Saskatchewan,
Evidence, October 26, 2006

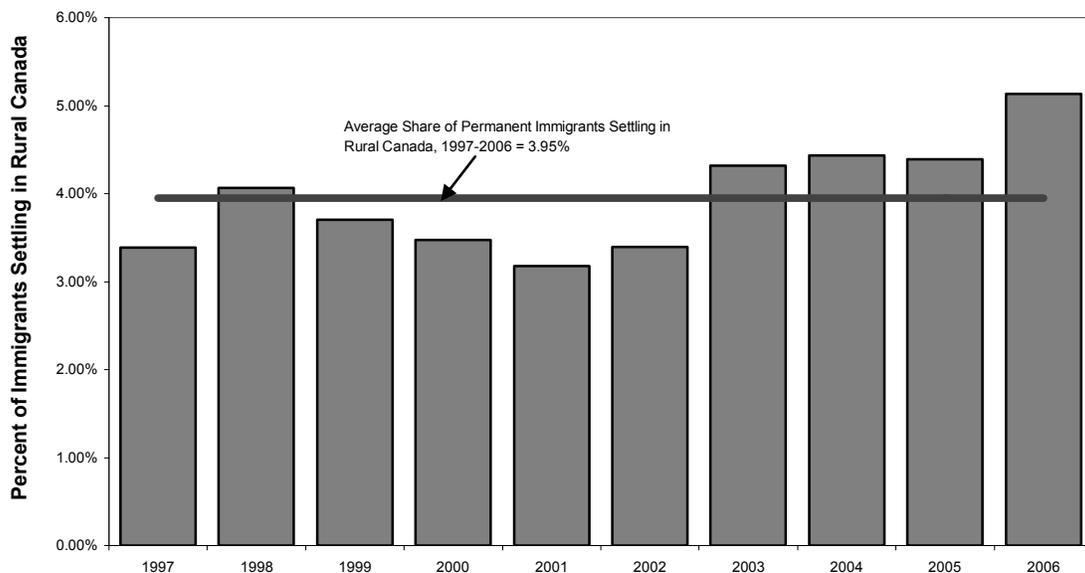
It is a truism that Canada is a nation built by immigrants. A fact that is less familiar, perhaps, is that until World War II new immigrants to Canada settled disproportionately in rural areas. Figure 11-1 depicts the annual volume of immigration to Canada from 1860 to 2006. The first big wave of immigrants in the early 20th century often settled in rural Canada, helping to populate the vast areas of the Western provinces and, to a lesser extent, northern Quebec and northern Ontario.



After World War II, however, immigrants settled largely in urban areas. In strictly demographic terms, this trend, together with Canada's recent history of low fertility rates, accounts for rural Canada's declining share of the population. In other words, this decline is explained not so much by the fact that rural Canada is losing people to urban areas – which is of course occurring in many rural areas – as by the fact that urban areas are attracting almost all of Canada's new immigrants. As Larry Bourne, a professor of

geography at the University of Toronto pointed out to the committee, “Which communities in Canada grow and which do not is increasingly a function of their ability to attract and retain migrants” (*Evidence*, March 27, 2007). By way of illustrating this situation, Figure 11-2 depicts rural settlement patterns since 1997. It shows that, on average, only about 4% of new immigrants to Canada settled in rural areas, while the other 96% settled in Canada’s crowded and sprawling urban areas.²⁴³ This means that, on average, only 9,000 of the 225,000 immigrants who arrive in Canada every year end up in rural areas despite the pressing need for skilled labour in many parts of rural Canada – a need that urban Canadians are unlikely to satisfy through internal migration.

Figure 11-2
Share of Permanent Immigrants Settling in Rural Canada, 1997-2006



Source: Library of Parliament, using data from Citizenship and Immigration Canada, *Facts and Figures 2006: Immigration Overview - Permanent and Temporary Residents*.

²⁴³ In this case, “rural” is defined as all areas outside of census metropolitan areas and census agglomerations as identified and defined by Statistics Canada in the 1996 Census. In Prince Edward Island, for example, “rural” is defined as all areas other than Charlottetown. In Saskatchewan, “rural” would be defined as all areas outside of Regina and Saskatoon. In some other studies of rural immigration patterns, the definition of “rural” may be different. For example, a June 2004 Statistics Canada study found that “predominantly rural” regions – using an OECD definition of “rural” – attracted about 12,000 immigrants in each of 2001 and 2002, or about 4,000 more than the “rural” definition employed here. Roland Beshiri, “Immigrants in rural Canada: 2001 Update,” *Rural and Small Town Canada Analysis Bulletin*, Vol. 5, No. 4, 2004.

Elaine Noonan, Executive Director of Prince Edward Island’s Population Secretariat, gave the committee an example of just how serious these shortages are in her largely rural province:

Last year, a fisherman, actually it was a mussel farmer, had to tie up a couple of his boats because he could not get anyone to go out and work on the water in the fall. At the same time, the farmers were trying to get the potatoes out of the ground. We had a terrible fall; in October we had heavy rains and the soil was very wet. People were quite panicky and were trying to get more workers but they just were not there.

– *Evidence*, February 20, 2007

Obstacles to Settling in Rural Canada

Immigrants are drawn to Canada’s urban areas for a number of mutually reinforcing reasons (Text Box 11-1 describes one rural community’s attempt to counter these forces). First, they tend to settle in areas where they are most likely to find work. As noted in the interim report, unemployment rates in rural Canada tend to be higher than in urban centres; this situation reflects a long-term trend toward substituting capital for labour in major rural industries and the fact that most new jobs are created in urban areas. Second, new immigrants tend to look for work and to settle in areas where they have friendship, kinship or cultural networks; this usually means settling in areas that already have sizable and densely concentrated immigrant communities, i.e., urban areas. As Elaine Noonan candidly noted, “when you walk down the streets of Charlottetown you do not see an obvious visible minority presence, although that is changing. There are many different cultures here actually. I think we have over 90 different ethnic cultures represented, but the numbers are very small in many of those groups.” (*Evidence*, February 20, 2007)

David Marit, president of the Saskatchewan Association of Rural Municipalities (SARM), told the committee that kinship and cultural ties often exert a decisive influence even on those immigrants brave enough to settle in rural Canada: “We are finding even in Saskatchewan that, if you bring immigration, regardless of the number — and we can debate that number all night, the policies within the immigration system may have them stay only for a short while. They are going to migrate to Toronto, Montreal, Vancouver, Calgary, and Edmonton, to wherever their friends and families are.” (*Evidence*, February 27, 2007)

Text Box 11-1: A Community Takes its Future into its Own Hands: The Saint-Léonard Carrefour d'immigration rurale

Since its inception as Canada's first francophone immigration centre outside of Quebec in 2005, the Carrefour d'immigration rurale in Saint-Léonard, New Brunswick has helped generate demographic, economic and social benefits for Saint-Léonard and the surrounding area. It helped for example integrate 16 new (immigrant) residents, including four school-aged children, in a community of just 1,352 people. It has also helped spawn similar efforts in Wellington, Prince Edward Island (serving the Evangeline region) and in Whitehorse, Yukon.

The new residents in Saint-Léonard have purchased three local homes, participated in a local farmers' market, opened a business and a restaurant and created a mentorship program for other new residents. The presence of these new residents has also helped the community open itself up to new cultures and ways of life; for example, local students produced a 40-person play about the importance of respecting differences. At the same time, it is important to recognize the challenges encountered by the Carrefour. After the Committee's visit, one of the Carrefour's employees, Juan Manuel Toro Lara, produced a report outlining four major challenges to the Carrefour's efforts to draw permanent immigration to the Saint-Léonard area.

First, like many small towns, Saint-Léonard lacks ready access to public transportation, hospitals and government offices – services that would be more easily available to immigrants who settle in urban areas. Second, despite laudable efforts by the Carrefour and many residents of the community, new immigrants have found it difficult to adapt to what is largely a homogenous francophone town. They have had difficulty, for example, in forming new social networks or integrating into existing ones because of a degree of local resistance to change, especially when change comes in the form of immigrant residents. This fear of change is exacerbated somewhat by the fact that immigration is seen by many as solely a tool for economic development rather than as a means of reinvigorating the community culturally. Third, some of the immigrants who were initially attracted to the community have had to leave because they were unable to find stable jobs. Most of the work in the area is seasonal and revolves around the forestry or potato-farming sectors. Fourth, and finally, immigrants to Saint-Léonard face the problem of credential recognition that is well known to rural and urban immigrants alike.

Sources:

Information and communication provided by the Carrefour to the Committee at the time of its visit to St. Léonard on 21 February, 2007. See also Juan Manuel Toro Lara, "L'immigration à Saint-Léonard, Nouveau-Brunswick, l'expérience du Carrefour d'immigration rurale," presentation at the 11th International Metropolis Conference in Lisbon, Portugal, available at: www.ceg.ul.pt/metropolis2006/WorkshopPresentations/Gulbenkian/JuanManuelToro_metropolis2006.pdf

A third obstacle to rural immigration is that many of Canada's immigrants originate from urban areas and therefore feel more affinity for Canada's urban cores. This report discusses this obstacle in greater detail below.²⁴⁴ Fourth, and finally, the absence of basic instruction in English or French as a second language, along with a lack of other cultural

²⁴⁴ In 2007, Quebec created the Commission de consultation sur les pratiques d'accommodements reliées aux différences culturelles (the Bouchard-Taylor Commission) to look into what constitutes a "reasonable" degree of accommodation to the cultural practices of new immigrants. The origins of the "reasonable accommodation" debate in Quebec are varied but can be traced back, in part, no doubt to the small rural town of Hérouxville (2006 population 1235, down 3.1% from 2001), which in January 2007 passed a municipal code of conduct forbidding (among other things) the stoning of women, a measure that drew considerable media attention in Quebec, nationally and internationally.

and governmental services in rural areas, presents a formidable obstacle for immigrants who settle in rural Canada or contemplate such a move.

A Brief Overview of Canada’s Immigration Policy

As the example of the Carrefour d’immigration rurale demonstrates (see Text Box 11-1), the obstacles to enticing immigrants into rural Canada are formidable. These same obstacles, however, can also help us understand what kinds of policies might be devised to encourage more immigrants to settle in rural areas. In the next section, this report will consider how Manitoba and some of its rural communities devised policies that are encouraging more immigrants to settle in rural areas. First, however, a brief review of how immigration works in Canada.

Unlike so many other issues discussed in this report, immigration is an area in which the federal government has a clear constitutional role. Under Section 95 of the *Constitution Act*, 1867, the federal government and the provinces have concurrent legislative powers over immigration; however, the provinces are limited in that they cannot pass laws that are “repugnant to any Act of the Parliament of Canada.” The precise nature of the relationship between the federal government and the provinces has evolved over time. Since the late 1990s for example, the provinces have exerted a gradually increasing influence in determining who may immigrate to Canada through programs such as the Provincial Nominee Program (PNP). The PNP allows provinces other than Quebec²⁴⁵ to nominate prospective immigrants using their own selection criteria in order to meet particular labour market or investment needs. Local employers for example can apply to the provincial government to recruit foreign workers to address specific labour shortages. In addition, some provinces have PNP programs that focus on entrepreneurial immigrants who intend to establish a new business or make a substantial investment in the area. Although, so far, the number of immigrants coming to Canada under the PNP has been relatively small, the numbers have been steadily increasing. In

²⁴⁵ Quebec has a more expansive and independent immigration policy under the terms of the Canada-Quebec Accord. Among other things, the Accord grants Quebec the right to set its own immigration levels, establish financial criteria for sponsors, and select independent immigrants based on a point system that is determined by the province but, in practice, overlaps considerably with the federal point system.

2005, 5.3% of the country's immigrants came to Canada under the PNP program, compared with 0.6% in 2000.

PNP immigrants fall under what is known as the “economic” category: that is, they are mostly skilled workers or business people with significant assets or entrepreneurial experience, or both. In 2006, about 55% of Canada's new immigrants fell into this category. The balance is accounted for by two other categories: namely, “family class,” a category under which extended family members of immigrants are settled in Canada; and “refugees,” a category for people who are in need of resettlement because of persecution, war, or serious human rights violations. In 2006, about 28% of newcomers to Canada were classified as “family class” immigrants, while another 12.9% entered under the “refugee” category.²⁴⁶

One of the objectives of the federal *Immigration and Refugee Protection Act* is to “support the development of a strong and prosperous Canadian economy in which the benefits of immigration are shared across Canada.”²⁴⁷ This is why “economic class” immigrants tend to account for the bulk of new entrants into Canada each year. As this citation from the legislation suggests, the federal government has a responsibility to ensure that the benefits of immigration are shared across the country – including, presumably, rural areas.

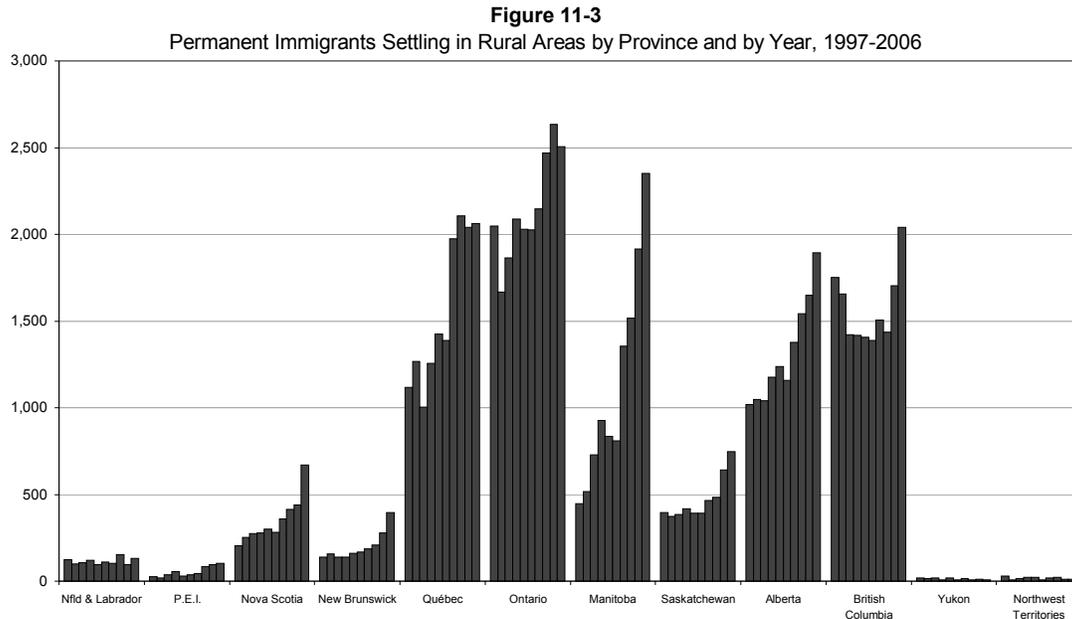
The “Friendly Manitoba” Success Story

As was suggested at the beginning of this chapter, immigration settlement during most of the postwar period has not been “shared across Canada” in an equitable way between urban and rural areas. The national-average data given in Figure 11-2, however, mask important provincial differences. Figures 11-3 and 11-4 break down those data in two ways. Figure 11-3, which presents by province the raw number of permanent immigrants who settled in rural areas, shows that, since 1997, Canada's three most populated provinces – Ontario, Quebec and British Columbia – have attracted the largest number of immigrants to rural areas of the country. This outcome is not altogether

²⁴⁶ The balance, 4.1%, were not classified. Source: Citizenship and Immigration, *op cit*, p. 11.

²⁴⁷ Immigration and Refugee Protection Act, 2001, Section 3(c) available at :
<http://laws.justice.gc.ca/en/ShowFullDoc/cs/I-2.5///en>

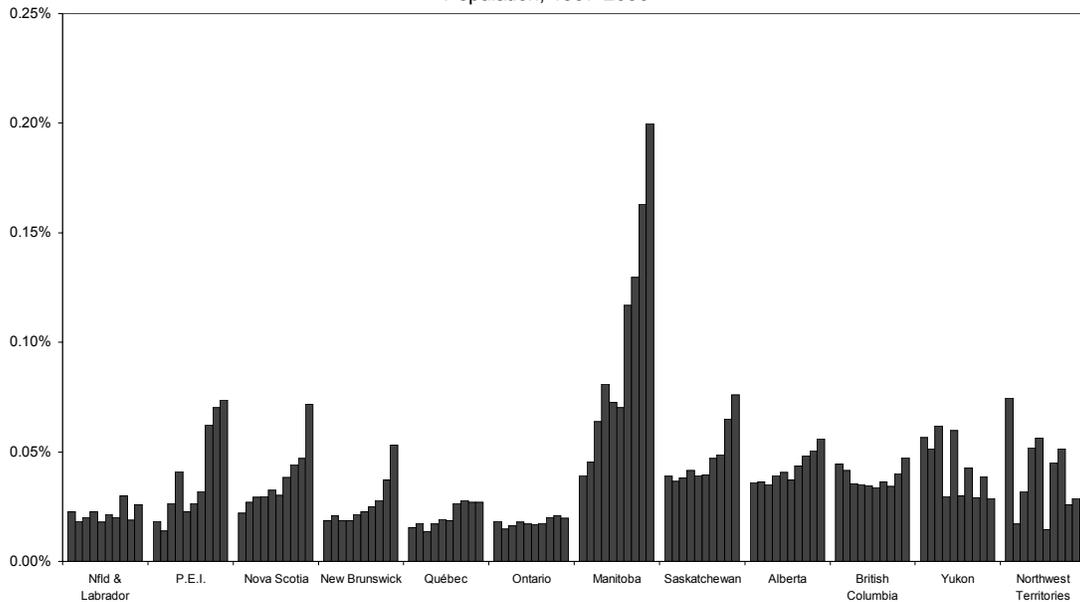
surprising, given that these three provinces are also the top three overall destinations for *all* new immigrants, rural or otherwise. What is surprising, however, is that in 2006 Manitoba welcomed more immigrants into its rural areas than any other province except Ontario.



Source: Library of Parliament, using data from Citizenship and Immigration Canada, *Facts and Figures 2006: Immigration Overview - Permanent and Temporary Residents*.

Figure 11-4 paints this same picture more dramatically by showing the number of immigrants settling in rural areas relative to each province’s population. Although this ratio increased slightly in several provinces, Manitoba experienced by far the biggest and most persistent increases over the 1997–2006 period. Quebec, Ontario and British Columbia, by contrast, made virtually no progress in increasing the number of immigrants (relative to population) who settled in rural areas.

Figure 11-4
 Immigrants Settling in Rural Areas by Province and by Year, as a Percentage of Provincial Population, 1997-2006



Source: Library of Parliament, using data from Citizenship and Immigration Canada, *Facts and Figures 2006: Immigration Overview - Permanent and Temporary Residents*.

Text Box 11-2 discusses how Manitoba was able to make this tremendous progress by using the PNP and by tapping into strong community-led efforts to recruit immigrants to their communities. At the committee’s hearing in Steinbach, Robert Annis, Director of the Rural Development Institute at Brandon University and author of a number of studies on rural immigration in Manitoba, emphasized Steinbach’s success in particular:

Steinbach is one of the hot spots in terms of immigration to a rural setting. Brandon is moving in that direction, in large part because a Maple Leaf Foods plant pushes it. If they go to a second shift, there will an enormous demand for labour that is not there locally. It is an example where communities can become engaged as almost an economic development strategy or resource for industry or business to attract immigrants. The Provincial Nominee Program is a way in which they can be more actively engaged and indeed, it is working.

– *Evidence*, March 9, 2007

Text Box 11-2

Manitoba's Success in Bringing Immigrants into the Rural Heartland

Over the 10-year period 1997–2006, the number of immigrants to Manitoba who settled in rural areas rose from 446 to 2513: a five-fold increase. The province now welcomes almost as many immigrants into its rural areas as Ontario, a province with more than 10 times the population of Manitoba and more than one-and-a-half times its geographic area. How did Manitoba do it? Although no one has definitive answers, Manitoba's success is widely attributed to the following two efforts.

First, the province used the provincial nominee program (PNP) to target population groups that would be amenable to rural life. In 2004, for example, close to one third (28.4%) of Manitoba's provincial nominees chose to establish their families in communities outside of Winnipeg. Second, a number of Manitoba's rural communities played an important role in recruiting and retaining immigrants. For example, in the towns of Steinbach (2006 population, 11,066, up 20% from 2001) and Winkler (2006 population, 9106, up 14.6% from 2001), local Mennonites actively recruited members of the international Mennonite community to settle in the area and work in the farming sector or take up jobs in the region's growing manufacturing and trucking industries.

In April 2005, the Rural Development Institute at Brandon University, with funding from Citizenship and Immigration Canada, conducted case studies of four communities that actively sought to recruit immigrants, namely communities in the Parkland Region (a vast area spanning three census divisions in western Manitoba), Portage la Prairie (2006 population 6,793, unchanged from 2001), and Steinbach and Winkler. Based on its research, the Institute outlined the following lessons learned:

- Achieving a critical mass of immigrants increases the potential for sustained immigration flows and settlement;
- Identifying and formalizing the roles of those responsible for immigration in a community assists at all stages of immigrant arrival, settlement, and integration. In particular, the community should develop a plan using the following five-step process
 - Step 1:** Getting started – Identify key stakeholders, establish committees, contact provincial and federal governments and learn from others;
 - Step 2:** Assess capacities – Look at community readiness, infrastructure, economy;
 - Step 3:** Develop a plan – Include objectives, points of contact, and efforts to welcome arrivals and promote a sense of community;
 - Step 4:** Implementation – Promote the plan, coordinate exploratory visits, mobilize volunteer sector, share information;
 - Step 5:** Evaluation – Consult, review and report.
- Immigration strategies require an eye to long-term settlement and successful integration of new arrivals;
- Jobs remain crucial in attracting and retaining immigrants;
- The PNP serves as a valuable tool for rural businesses that are otherwise unable to satisfy their human resource needs, thus enabling these businesses to access skills and knowledge that are difficult to obtain from local labour pools;
- Communities need to challenge some of the implicit assumptions about their cultural and linguistic capacity before initiating an immigration strategy that targets a particular demographic group;
- New arrivals are generally impressed with outreach and volunteer efforts on their behalf by settlement workers, ESL teachers, church communities, neighbours, and the community at large; and
- Personal ties and encounters facilitate stronger linkages, identification and interest with respect to a region.

In a similar vein, Diane Martz, Research Manager at the Prairie Women's Health Centre of Excellence, cited Humboldt, Saskatchewan (2006 population 4,998, down 3.2% from 2001), as a community whose sizable constituency of residents of German and Ukrainian descent has worked with local employers as they recruit workers from overseas:

Again, in area around Humboldt, which keeps coming up all the time, people have taken a very active perspective on this. One employer goes to the Ukraine to recruit people. They also recognize that in bringing people over you must work with your communities to make them hospitable. Newcomers need to be welcomed and integrated into the community. Regional meetings are being held around how to foster immigration in that area. Much work needs to be done at the community level to make it attractive to people.

– *Evidence*, November 23, 2006

David Marit of SARM told the committee about the community of Kinistino (2006 population 643, down 8.4% from 2001) in central Saskatchewan, which also went abroad to find workers and new community members:

The community of Kinistino went over to the Ukraine, and one farm machinery dealer brought eight mechanics over to Kinistino who were not doing mechanical work in the Ukraine. They are all getting top dollars as heavy duty mechanics for a farm machinery company and they absolutely love it. They all came together and they are in a community that has a lot of Ukrainian background to it. It can work that way, but they need some incentives to bring these people over. I think the trades are where we could really do some good work with immigration.

– *Evidence*, February 27, 2007

For Charles Cirtwill, Acting President of the Atlantic Institute for Market Studies (AIMS), the best thing the federal government could do to encourage more immigration into rural Canada would be to help the destination communities themselves expand recruitment efforts.

On immigration, the best solution is to allow the widest possible latitude for immigrants, and for communities to make the case that these immigrants are the kind they need. Rather than targeting skilled workers, with bureaucrats in Ottawa defining the skill sets, the federal government should give communities support to market in areas that will bring them the kind of immigrants they believe they need.

– *Evidence*, February 15, 2007

He added that jurisdictional issues should not be an obstacle to federal government assistance for communities like Winkler, Steinbach, Humboldt, and Kinistino:

Individual communities must have a role. Rivière-du-Loup should have a role in guiding Quebec immigration policy, for example. We do not need to discuss whether that change is a formal transfer of responsibility with the constitutional negotiations associated with it. We only need to be sensible and practical about it and recognize that, as in every portion of government policy, there is no cookie cutter solution. The more flexibility we can build into programs, the better off we will be.

– *Evidence*, February 15, 2007

The committee agrees with Charles Cirtwill and notes that Citizenship and Immigration Canada (CIC) has already shown how this kind of pragmatic approach can work by offering some limited assistance to the Carrefour d’immigration rurale in Saint-Léonard. The committee believes that CIC should conduct a review of its immigration policy to see how it could play a more active role in helping rural communities attract immigrants. The proposed Department of Rural Affairs should work with CIC to ensure that rural views are fully reflected in this review exercise.

RECOMMENDATION 11-1: The committee recommends that the Department of Citizenship and Immigration Canada and the proposed Department of Rural Affairs work with the provinces and territories to explore ways of increasing assistance to communities that have identified a need and a desire to recruit immigrants and integrate them into their communities.

The Scottish Success Story

For much of its recent history, rural Scotland and especially its more remote areas has known the same fate as rural Canada – declining population, reduced economic opportunity, and poor health and education status. The committee was pleased to learn, however, that rural Scotland is enjoying a renaissance due in part to the government’s efforts to encourage immigration to its rural areas but also because as a member of the European Union, Scotland has benefited from the 2004 enlargement of the EU to include a number of eastern European states where many are anxious to escape poverty by working and living in more prosperous parts of Europe.²⁴⁸ Mark Shucksmith, a professor

²⁴⁸ The 2004 enlargement, the largest in EU history, included Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. The inclusion of these countries is noteworthy because “there was a long-established economic migration from Scotland to Poland and the

of town planning at Newcastle University in England and a specialist in rural and agricultural policy, explained how Scotland and especially the remote Highlands and Islands region have embraced immigration:

The view in Scotland was that the country needed to increase its population and attract skilled people, and it was thought that these people would have those skills. They tend to come to manual working jobs, which are fairly low-paying jobs, but in the context of their own country, they are very highly paid jobs.

Then as they learn the language and get integrated into the country, they either stay and, hopefully, move into fulfilling the potential they bring, or they move back. It is a bit early to say what is going to happen in the long term, but the Highlands and Islands Enterprise strategy is to attract those people to stay, to make them feel really welcome and to grow the population of the Highlands and Islands from what was about 300,000 in 1970. It is approaching 400,000 now, and they aspire to have a population of 500,000, with this as the main strategy.

– *Evidence*, February 28, 2008

As Professor Shucksmith went on to explain, the Scottish government “was very clever” in how they went about laying the groundwork for new immigrants: “First, they had an anti-racism campaign through television advertisements. Then, once everyone had become accustomed to the idea that they should not be racist, a campaign followed about how migrants or more population was needed. Following that, the solution was presented to attract Eastern European migrants. The ground was prepared.” (*Evidence*, February 28, 2008)

In terms of migration policy, it is important to understand that Scotland is one of four constituent countries in the united state of the United Kingdom. Consequently, the broad features of its immigration policies are set at the UK level. This has at least one important advantage because the UK has been one of the most immigrant/migrant friendly EU member states.²⁴⁹ It has consequently become an important destination for foreign workers.

east Baltic based on trading opportunities with economic and *demographic* growth following the Black Death in the 1340s.” See Mike Danson, “Fresh or Refreshed Talent: Exploring Population Change in Europe and Some Policy Initiatives,” *International Journal on Multicultural Societies*, Vol. 9, No. 1, 2007, p. 19.

²⁴⁹ Unlike most other member states, the UK did not exercise its right for temporary immigration controls related to the 2004 EU enlargement; the UK has been more restrictive, however, with respect to the 2007 enlargement (workers from the new accession states of Romania and Bulgaria are forced to obtain work

The Scottish government has, however, attempted to be even more proactive than the UK as a whole. In 2004, it created the so-called “Fresh Talent Initiative” which encompasses initiatives aimed at recruiting highly skilled workers. These include a one-stop relocation service to “advise on jobs, accommodation, visas, work permits, school and university opportunities,” a global campaign to promote Scotland as a place to work and live especially amongst the Scot Diaspora, more vigorous tourism promotion efforts,²⁵⁰ and easy-to-use toolkits for small businesses who want to employ staff requiring a work permit.²⁵¹ A recent study found however that “relatively few” of these recruits “are being attracted to rural Scotland” although it “has been instrumental in creating a climate of welcome and attraction for those outwith the EU.”²⁵² In fact, most migrants to rural Scotland end up working in relatively low-skill jobs (hospitality and catering, agriculture, and food processing) *despite* having degrees or equivalent qualifications.²⁵³ This supports the conclusion of another study on migration to Scotland’s rural areas which found that “a strong local economy is a decisive factor driving migration,” hence the migration of many eastern Europeans to Scotland working at jobs that do not fully utilize their skill set. It is also important to recognize that other factors beyond simple economics also “come into play” such as existing networks of immigrants in rural areas, a familiar theme from the Manitoba example and Canadian studies.²⁵⁴ Finally, the recent wave of new migrants to Scotland have also “received substantial support. Employers have become active in accommodation and supporting migrants with other services; different authorities and organisations have produced or are

permits instead of merely registering in the UK’s Worker Registration Scheme) and there has been some controversy over efforts to limit the number of “asylum-seekers” to the UK.

²⁵⁰ The main “Fresh Talent Initiative” document notes that “research suggests that there is merit in targeting tourists as potential in-migrants.” See Government of Scotland, “Fresh Talent Initiative,” p. 7, available at: <http://www.scotland.gov.uk/Topics/Government/Promoting-Scotland/18738>.

²⁵¹ Other measures include extending the amount of time overseas graduates of Scottish universities can stay in Scotland, appointing a champion to encourage graduating students to stay in Scotland, working with employers “to encourage the provision of work placements and traineeships to high quality overseas graduates,” and “funding to help universities to co-ordinate the recruitment and support of overseas students.” For details, see “Fresh Talent Initiative,” *ibid*, pp. 20-21.

²⁵² Danson *op cit*, p. 26.

²⁵³ Danson *op cit*, pp. 24-25.

²⁵⁴ Birjit Jentsch, Philomena de Lima, and Brian MacDonald, “Migrant Workers in Rural Scotland: ‘Going to the Middle of Nowhere’,” *International Journal on Multicultural Societies*, Volume 9, No. 1, 2007, p. 37.

producing “Welcome Packs” for migrants workers, in some cases with the corresponding commitment to strengthen services to better meet migrants’ needs.”²⁵⁵

In its presentation to the committee, the Organization for Economic Cooperation and Development (OECD) also singled out Scotland as a success story. In a review of Scotland’s rural policies, the OECD noted for example that “(i)n contrast with the trend seen in rural regions across many OECD countries, rural areas in Scotland have been the net receivers of population since the late 1980s. The rural population has increased from 19% in 2001 to 21% in 2004.”²⁵⁶

That said, it is important to recognize that as in Canada, there are significant differences in Scotland between rural areas closer to urban centres and more remote rural areas. In the former, rural residents often come *out ahead* in terms of broad measures of well-being – household income, life expectancy, health standards, educational attainment. The more remote rural areas, by contrast, “are deprived in several ways (including income, employment, skills and health) and suffering from inadequate infrastructure, higher costs of key inputs and lower access to services.”²⁵⁷

Like Professor Shucksmith, the OECD did however emphasize the tremendous turnaround in the Highlands and Islands, a sparsely populated remote area of Scotland that accounts for the majority of the rural territory and is not unlike some of Canada’s more rural provinces.²⁵⁸ According to the OECD, “following more than a century of decline, the fortunes of the region began to turn around and the 1971 census saw the

²⁵⁵ *Ibid.*, p. 50.

²⁵⁶ Organization for Economic Cooperation and Development, “OECD Rural Policy Reviews: Scotland, UK: Assessment and Recommendations,” 2008, p. 4. A copy of the report is available on the Scottish government’s website at: <http://www.scotland.gov.uk/Publications/2008/02/14143544/1>.

²⁵⁷ *Ibid.*, p. 5.

²⁵⁸ In a preliminary study of Scotland and its rural policies, the OECD noted that the Highlands and Islands area “[...] has a population of 440,000 and a population density of approximately 9 people per square kilometre, making it one of the most sparsely populated parts of the EU. The city of Inverness is the only large conurbation within the region. It has a population of around 50,000, and more than 130,000 people live within the reaches of its labour market. Outside this area, only Elgin on the Moray coast has a population of over 10,000.” The population density of the Highlands and Islands is similar to New Brunswick one of the country’s most rural provinces with a population density of 10.2 persons per square kilometre. See: OECD, “OECD Rural Policy Reviews: Scotland, UK Preliminary Version,” p. 16 (Box 1.3), available at: <http://www.oecd.org/dataoecd/22/21/40115988.pdf>; and Statistics Canada “Population and dwelling counts, for Canada, provinces and territories, 2006 and 2001 censuses,” available at: <http://www12.statcan.ca/english/census06/data/popdwel/Table.cfm>

population rise for the first time in over 100 years. In fact the H&I experienced a 15% increase in population during 40 year period from 1961-2001 with a further 1.7% increase in 2001-2005. Also, unemployment is now lower (2.4%) than in Scotland (2.8%).”²⁵⁹ In a preliminary version of its Scotland study, the OECD also noted that

The main reasons to move to the area are the intrinsic characteristics – quality of life and scenery – of the region, according to a study conducted by the Highlands and Islands Enterprise network (HIE) in 2003. Recent figures from the JobCentre Plus show that some 1,156 applications for National Insurance numbers were made in the Highlands and Islands by people arriving from the European Union in the period February to July 2006. A significant policy factor related to the population revival of H&I was the establishment of the Highlands and Islands Development Board in the mid 1960s (which took advantage of the oil discovery during the late 1960s to jumpstart the H&I’s economic turnaround), predecessor of the HIE established in 1991.²⁶⁰

The committee is impressed with what Scotland and its Highland and Islands area in particular have achieved. The federal government should, where it is sensible, use the Scottish example as a template for its own efforts to increase the number of immigrants in rural Canada:

RECOMMENDATION 11-2: The committee recommends that Citizenship and Immigration, in conjunction with the proposed Department of Rural Affairs, employ where feasible the Scottish example to increase immigrant settlement in rural Canada.

Revisiting the Definition of Economic Immigrants

According to Catherine Nolin, Assistant Professor in the Geography Program at the University of Northern British Columbia, a big part of the challenge in recruiting immigrants to rural Canada is that federal and provincial immigration policies (the latter operating through the PNP program) are too often geared to immigrants from urban centres who naturally tend to settle in urban settings in Canada:

²⁵⁹ “OECD Rural Policy Reviews: Scotland, UK: Assessment and Recommendations,” p. 14.

²⁶⁰ “OECD Rural Policy Reviews: Scotland, UK Preliminary Version,” p. 16.

The policies that have been put in place with the point system under which immigrants are selected for entry into Canada based on their skills, education levels, language ability and so on certainly influence the urban nature of immigrant settlement. ...I think it is quite important to realize that it is almost impossible for someone from a rural background with skills that would be entirely suitable to rural or small town life to be accepted.

– *Evidence*, March 5, 2007

Charles Cirtwill of AIMS made a similar point:

For example, an interesting fellow at our institute came in under the Nova Scotia nominee program as an immigrant entrepreneur investor. He works with us on government policy related to China. Since he arrived in Canada a year ago he has consistently said that he does not understand why Canada and Nova Scotia are looking for immigrants in Beijing. He said he has travelled in rural Nova Scotia and areas of Shenzhen province in China look exactly like Nova Scotia. We can obtain the immigrants we need there to fit the industry, and why waste our time in the major centres?

– *Evidence*, February 15, 2007

David Bruce, Director of the Rural and Small Town Programme at Mount Allison University, echoed these views: “We need to look at how we can make that situation known to countries where people will have a greater commonality between the country of origin and rural Canada.” (*Evidence*, October 26, 2006)

The committee notes that citizens in rural areas of China, like elsewhere, generally have lower incomes and less formal education than urban dwellers. To the extent that Canada’s immigration policies are focused largely on recruiting economic immigrants with skill sets that are measured in terms of financial assets or educational attainment, these policies would appear to be inherently biased against recruiting people from rural areas in places like China. The committee believes that the CIC should re-examine its current point system for economic immigrants and gauge the extent to which this focus discriminates against rural Canada. It should also consider measures to award points for immigrants from rural areas who have demonstrated skills in the trades or in artisanal production.

RECOMMENDATION 11-3: The committee recommends that the federal government direct Citizenship and Immigration Canada to study the possibility that its focus on attracting economic immigrants may contain an inherent bias in favour of recruiting urban residents at the expense of rural people who might be more inclined to settle and stay in rural Canada.

RECOMMENDATION 11-4: The committee recommends that the federal government review its points system to award additional points to immigrants from rural areas with specialized skills in the trades or in the kind of artisanal, entrepreneurial production that can do well in rural Canada.

Settlement Services

Citizenship and Immigration Canada (CIC) helps fund a range of settlement services delivered by the provinces. In fiscal 2006-07, CIC spent approximately \$567 million for settlement, adaptation and integration assistance.²⁶¹ Much of the funding is allocated to the provinces on the basis of the number of immigrants destined for each province as a percentage of total immigrants to Canada. According to Elaine Noonan, from PEI's Population Secretariat, the current funding formula hampers efforts to recruit and retain immigrants in Atlantic Canada, a region that is of course largely rural.

We are also seeking recognition for more support for immigration. Last year the government identified additional money for settlement services. We were pleased with the money but felt that we needed to have a base from which to build. It is very difficult when you work on a per immigrant basis for funding and Atlantic Canada is getting only 1.7 per cent of the total number of immigrants who come to Canada and we have 7.6 per cent of the population. We do not feel that we are getting our share. Part of the problem is some of the settlement services, the English language training, and all of the factors that are involved in helping immigrants become part of and be integrated into the community.

– Evidence, February 20, 2007

Catherine Nolin, from the University of Northern British Columbia, also cited problems with the federal government's financial assistance for settlement services with respect to rural areas.

We have to improve funding on the issue of rural, small town and remote settlement of immigrants [...] Settlement resources in regions of low immigration must come first if we expect newcomers to settle and stay in those areas. Funding

²⁶¹ Citizenship and Immigration Canada, *2007-08 Report on Plans and Priorities*, p. 38.

based solely on the number of immigrants who are already in a particular province is not appropriate and we have recommended that there be a minimum threshold of core financial support for settlement agencies to carry out their work.

– *Evidence*, March 5, 2007

Although the issues raised by these two witnesses are of concern, the committee is not well placed to study them in depth. To ensure that the rural voice is fully heard, the committee believes that the proposed Department of Rural Affairs should work with the Citizenship and Immigration Canada to identify ways in which the funding formula could be improved to better assist rural communities that have demonstrated due diligence and shown that they are ready to accept and integrate a new generation of rural immigrants.

RECOMMENDATION 11-5: The committee recommends that Citizenship and Immigration Canada and the proposed Department of Rural Affairs along with the provinces and territories collaborate on a review of CIC’s settlement services funding formula in order to better assist rural communities that have a well-developed plan to attract immigrants to their areas.

Conclusion

Like so many other themes in this report, immigration cannot be seen as a panacea for rural Canada. Short of the unpalatable and unconstitutional option of forcibly compelling immigrants to settle in rural Canada, governments at all levels need to think holistically about how they can attract and retain immigrants to bolster the rural demographic profile and meet rural Canada’s pressing labour market needs. In other words, they need to consider changes to immigration policy as part of a broader strategy to revitalize rural Canada – strategy that addresses health, housing, education, jobs, transportation and, of course, economic development.

Again, the immigration component of the strategy, like the other components, needs to be based on a bottom-up approach in which rural community leaders realistically measure their immigration needs and set realistic goals given their cultural and economic strengths and weaknesses. From there, rural communities need to devise a plan that works with enabling provincial and federal funding and regulatory structures that, ideally, are sensitive to rural concerns. Again, the proposed Department of Rural Affairs would be expected to play a key role in ensuring that rural sensibilities are respected.

To end this discussion on an optimistic note, it is also important to remember that, despite some formidable obstacles, rural communities offer a number of advantages that urban areas simply cannot match. The better immigrants understand these benefits, the more hope there is that rural Canada will receive its fair share of new Canadian citizens. Baljit Sethi, executive director of the Immigrant and Multicultural Services Society of Prince George, and herself an immigrant to rural Canada, relayed the following anecdote:

The other day I met an Iranian man whose family came to Prince George. He works at Home Depot. He told me he is glad they moved to Prince George because he had been working at Home Depot over there and when they transferred him to Prince George his wife did not like the idea of moving to a village, but within six months they had bought a house and their quality of life had improved. That is the reality. We should regionalize immigration. We went to Fort St. John, Terrace, Kitimat, Valemount, and all those places. The living is less expensive. If you earn the same amount of money you can live more comfortably.

– *Evidence*, March 5, 2007

CHAPTER 12: HEALTH AND HEALTH CARE – CORNERSTONES OF RURAL REVITALIZATION

If you are a lady, for example, living 500 miles north of here in Hall Beach or Clive River and you are pregnant, you have to be sent out of your community one month before your delivery date to Iqaluit or to some other community in the south if you are having complications to have your baby. Can you imagine your 17-, 18-, 20 year old daughter or wife, or sister or mother, being sent out of your community for a month to have a baby? In the south, yes, you just drive a couple of hours to a hospital and over a couple of days, then you are back home. In our case, you would be away from home for a month. Can you imagine that mother having other children left behind and you are flying 500 miles away? That is how serious it is when we look at the infrastructure requirements in Nunavut.

– Ed Picco, M.L.A., Minister of Education,
Minister Responsible for Nunavut Arctic College,
Minister Responsible for Homelessness and Immigration,
and Government House Leader, Nunavut,
Evidence, February 21, 2008

Health issues cut across almost every theme in this report. From an economic perspective, employers may be reluctant to invest in rural communities that lack easy access to basic health services. From a population perspective, immigrants may, similarly, hesitate to settle in rural communities with limited access to health services. From a poverty perspective, the cost of travelling to a distant urban area may be great enough to delay and defer a medical appointment. And of course from a health perspective, a grave illness or even the delivery of a child almost invariably means an extended stay at an urban hospital, far from family, friends, and community.

The issues of health and access to health services in rural Canada have been studied extensively. In 2002 for example, health and health care issues in rural Canada were reviewed by no fewer than three different institutional bodies, namely the Ministerial Advisory Council on Rural Health,²⁶² the Royal Commission on the Future of Health Care in Canada,²⁶³ and the Standing Senate Committee on Social Affairs, Science and

²⁶² Ministerial Advisory Council on Rural Health, *Rural Health in Rural Hands: Strategic Directions for Rural, Remote, Northern and Aboriginal Communities*, November 2002. http://www.phac-aspc.gc.ca/rh-sr/pdf/rural_hands.pdf

²⁶³ Royal Commission on the Future of Health Care (Roy Romanow, Commissioner), *Building on Values: The Future of Health Care in Canada*, November 2002. <http://www.hc-sc.gc.ca/english/care/romanow/hcc0086.html>

Technology.²⁶⁴ Each study arrived at the same conclusion: rural realities and rural health needs differ from those in urban areas, and people throughout rural Canada have serious concerns about their ability to obtain the health services they need in a timely fashion and at a reasonable distance from where they live. Moreover, each report underscored the fact that rural Canadians have poorer health status than their urban counterparts.

This chapter summarizes some of the more recent evidence on the health status of rural Canadians and examines issues of access to health care in rural and remote areas, recognizing that as much as health issues affect a range of socio-economic issues, these same socio-economic issues also have an important bearing on health status and health outcomes.

Health Status

Rural Canadians are, on average, less healthy than their urban counterparts. This conclusion was made abundantly clear when the Canadian Institute for Health Information (CIHI), in collaboration with the Public Health Agency of Canada and the Centre for Rural and Northern Health Research at Laurentian University in Sudbury, Ontario, released Canada's first comprehensive report on rural health in the fall of 2006.²⁶⁵ This study attributes shorter life expectancies in rural Canada to higher rates of circulatory and respiratory disease, workplace injury (especially in primary-sector occupations such as farming), suicide, and motor vehicle accidents, along with a higher prevalence of smoking and obesity. It also shows that health status indicators are inversely related to the degree of rurality or remoteness, such that residents in the most rural and remote regions tend to have the worst health status. Selected CIHI health status indicators are presented in Table 1.

²⁶⁴ Standing Senate Committee on Social Affairs, Science and Technology (Hon. Michael Kirby, Chair), *The Health of Canadians – The Federal Role: Principles and Recommendations for Reform* (Volume Six), October 2002. <http://www.parl.gc.ca/37/2/parlbus/commbus/senate/com-e/soci-e/rep-e/repoct02vol6-e.htm>

²⁶⁵ Canadian Institute for Health Information (CIHI), *How Healthy are Rural Canadians? An Assessment of Their Health Status and Health Determinants*, September 2006, available at: http://www.cihi.ca/cihiweb/dispPage.jsp?cw_page=GR_1529_E. The study uses Statistics Canada's rural and small-town (RST) definition to define rural (i.e., rural is any town with fewer than 10,000 people and where fewer than 50% of the population commute to an urban centre).

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Perhaps more importantly, the CIHI study finds a connection between both poverty and education and rates of death, noting that low educational attainment and low median household income in rural Canada are strong predictors of reduced life expectancies in both men and women. This finding supports the well-established view that a community's economic well-being in general, and the share of its people living below the poverty line in particular, greatly influence the health and health needs of its residents. This connection between poverty and poor health status is particularly relevant for rural Canadians.

BEYOND FREEFALL: HALTING RURAL POVERTY
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TABLE 12-1
SELECTED HEALTH STATUS INDICATORS FOR RURAL AND URBAN CANADA

HEALTH STATUS INDICATORS	URBAN AREAS	RURAL AND SMALL-TOWN AREAS			
		Strong MIZ*	Moderate MIZ	Weak MIZ	No MIZ
Life Expectancy at Birth (years)					
Males	76.77	77.36	75.71	75.02	73.98
Females	81.43	81.49	81.44	81.29	81.44
Health-Adjusted Life Expectancy at Birth (years)					
Males	67.91	68.74	67.21	66.21	65.47
Females	70.55	71.30	71.05	70.70	69.89
Aged-Standardized Proportion of Population Aged 20–64 Who Reported Being Overweight/Obese					
Males	54.7	60.7	60.1	62.5	64.5
Females	38.8	46.2	45.5	47.9	48.7
Total Mortality Rate (age-standardized rate per 100,000)					
Males	908.0	838.9	946.3	940.7	1,010.4
Females	542.4	515.2	563.5	557.7	585.1
All Circulatory Disease–Related Deaths (age-standardized rate per 100,000)					
Males	354.5	339.8	368.6	366.9	377.7
Females	214.1	215.1	226.5	221.9	229.2
All Cancer-Related Deaths (age-standardized rate per 100,000)					
Males	247.0	221.3	245.4	238.7	250.1
Females	155.1	140.8	152.2	149.9	150.1
All Respiratory Disease–Related Deaths (age-standardized rate per 100,000)					
Males	88.8	79.8	93.2	92.1	91.8
Females	42.1	37.8	42.6	44.8	43.2
All Unintended Injury–Related Deaths (age-standardized rate per 100,000)					
Males	61.9	79.2	97.3	101.2	142.5
Females	25.6	29.0	33.3	34.0	48.5
Suicide Mortality Rates (age-standardized rate per 100,000)					
Males	19.3	21.4	27.3	27.1	38.4
Females	5.7	4.0	5.1	4.9	7.9

Source: Canadian Institute of Health Information (2006)

MIZ = metropolitan influenced zone, a classification developed by Statistics Canada to distinguish between urban and different types of rural communities. The MIZ categories are based on population density and distance, but also consider the share of the workforce that commute to metropolitan areas as follows: strong MIZ: between 30% and < 50%; moderate MIZ: between 5% and < 30%; weak MIZ > 0% and < 5%; no MIZ: no commuters.

HALE = Health-Adjusted Life Expectancy, incorporates both the quantity and quality of life; it represents the number of expected years of life equivalent to years lived in full health, based on the average experience in a population.

In his submission to the committee about the interface between rurality, poverty and health, Raymond W. Pong, Research Director and Professor at the Centre for Rural and Northern Health Research at Laurentian University, stressed the complexity of the problem:

Living in poverty is not conducive to good health. [...] Rural residence, particularly in smaller or more remote communities, increases one's chance of having lower income and poorer health. The combination of rural residence, poverty and poor health is a triple whammy. To make matters worse, the rural poor who are in poor health may not even be noticed. This is borne out by the fact that rural poverty is less visible.

Evidence from a brief provided by Dr. Pong to the committee entitled,
Rural Poverty and Health: What Do We Know?

Access To Health Care

Health care is basically not available here.

– Louise Guertin, Community Legal Worker,
Grand-Nord Legal Clinic, Kapuskasing (Ontario),
Evidence, June 1, 2007

Not only are there differences between rural and urban Canadians with respect to health status, but there are also major differences in their access to and use of health services. Rural Canadians often have to travel great distances to obtain health services that most urban residents take for granted, a problem that in turn can be traced back in part to the difficulty many rural communities have in attracting, recruiting and retaining doctors, nurses and other health care professionals.

Recent statistics show that although rural Canada accounts for about 19% of the population, only 16% of family physicians or general practitioners and 2% of specialists work in rural and remote communities (2007 data).²⁶⁶ The number of general practitioners and family physicians (GP/FPs) in rural Canada increased by 8.5% between 1996 and 2005, while the number of medical specialists decreased by 12.7% over the same period (see Table 12-2). Data for 2004 also indicate that international medical graduates accounted for 26.3% of all physicians in rural regions, compared with 21.9% in

²⁶⁶ Michael Jong, "President's Message: Need for a National Rural Health Strategy," *Canadian Journal of Rural Medicine*, Vol. 12, No.4, Fall 2007, p. 205. <http://www.srpc.ca/cjrmcurtoc.html>

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urban areas. In other words, there is a heavier reliance on foreign-trained doctors in rural Canada than in urban practice settings.²⁶⁷

TABLE 12-2

PHYSICIAN SUPPLY IN RURAL CANADA, 1996–2005

	1996	1998	2000	2002	2005
GP/FPs	4,758	4,775	4,979	5,242	5,163
Specialists	841	756	761	810	734
Total	5,599	5,531	5,740	6,052	5,897

Source: Society of Rural Physicians of Canada, Comparative Regional Statistics, 2007. <http://www.srpc.ca/numbers.html>

Rural family physicians perform certain clinical tasks that would typically be carried out by other specialists in urban centres. This may help to attenuate, to some extent, the difficulty in accessing specialized health care faced by many rural Canadians. The point remains however that family physicians in rural areas have broader scopes of medical practice than their urban counterparts. This includes, for example, emergency medical care, obstetric and neonatal care, cancer care and palliative care.²⁶⁸

The committee heard repeatedly that many rural Canadians go for months if not years without consulting a family doctor. Similarly, we were told that many have to travel hundreds if not thousands of kilometres, often on dangerous roads, to access specialized and sometimes even routine medical services.

The committee heard stories about seeing a loved one die en route to a distant medical facility, and about women giving birth in ambulances or the back seats of cars as they rushed to the nearest hospital with obstetric services. In this context, Dr. Keith MacLellan, past president of the Society of Rural Physicians, stated:

Anyone living in rural Canada knows that if you rely on a transport system, no matter how good, it does not work in the night time and it does not work when the weather is bad, and that is quite often. Transport times in good weather are nice to look at. However, what happens to you in your local area if you have an excellent

²⁶⁷ Raymond W. Pong and J. Roger Pitblado, *Geographic Distribution of Physicians in Canada: Beyond How Many and Where*, Canadian Institute for Health Information, 2005.

http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=PG_529_E&cw_topic=529&cw_rel=AR_1346_E.

²⁶⁸ *Ibid.*

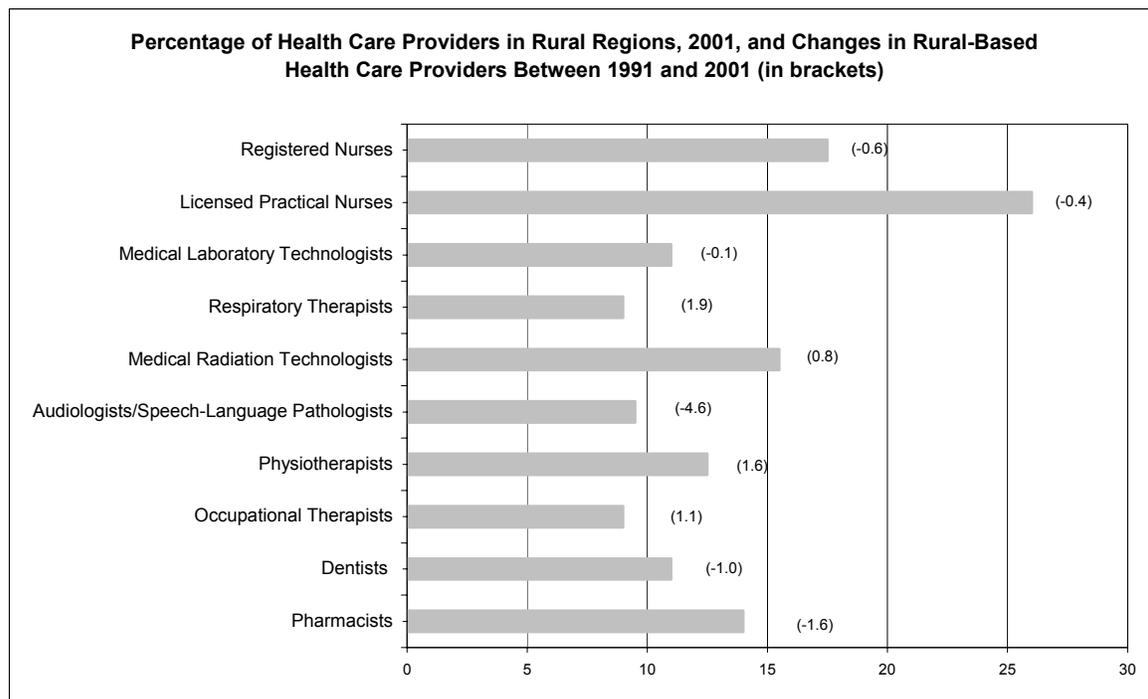
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ambulance system but you shut down your capabilities? It means that you will lose some people sometimes when you cannot transport them.

– *Evidence*, March 22, 2007

As is the case with physicians, the geographic distribution of many other health care providers does not correspond to the distribution of the Canadian population (see Figure 12-1). With the exception of licensed practical nurses, the proportion of health care professionals in rural Canada is lower than that of the rural population. Again, registered nurses, physiotherapists, pharmacists and other health care professionals are concentrated in urban centres.

Figure 12-1



Source: Reproduced from Raymond W. Pong, *Rural Poverty and Health: What Do We Know?*, PowerPoint Presentation to the committee (*Evidence*, May 29, 2007).

As it is for rural physicians, the scope of practice for rural nurses in Canada is very broad. Since there are often few or no physicians in rural communities, nurses are expected to deliver primary care as “expert generalists”. It is not uncommon for a rural nurse to begin his or her shift in the emergency department, assist in a delivery at noon and then perhaps end the shift by providing one-on-one nursing care for a child

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experiencing a severe asthmatic episode. Moreover, in many small and remote areas, nurses are the *only* health care providers available locally.

The difficulties in accessing health care providers in rural Canada have become more acute with the closure of rural hospitals and the trend toward moving basic health services to regional, largely urban, centres. The committee was told that health care professionals left behind often feel isolated and overwhelmed. Even in communities with 20- or 30-bed hospitals, staff are reluctant to provide basic health services such as obstetrics or routine surgical operations. This reluctance can have serious consequences for rural residents, as Dr. MacLellan recounted: “We have very good studies showing that if you close local obstetrics wards because they only deliver 100 babies a year, say, and make all the women – the high risk women would have been sent out anyway – go to a regional centre, the outcomes are worse. Of course, if you are to have neurosurgery, you need to see the neurosurgeon in the city.” (*Evidence*, March 22, 2007)

Although Dr. MacLellan acknowledged that it is simply not possible to offer all specialized care in rural and remote communities, he nonetheless stressed that attention must be paid to the standards of care delivered in rural Canada:

I am not arguing to have a heart surgeon or a neurosurgeon in every town in Canada that is huddled around a mill or a mine, but it has got to the point where if you have a child who is sick with croup, someone will have to take care of that child, and transporting that child is not the way to go. You need to bolster up local capabilities. That means issues of training and standards of care that the system is not looking at at all. It forms a very big part of any examination into poverty in rural Canada.

– *Evidence*, March 22, 2007

Bolstering local capabilities also means recognizing that health and health care outcomes are also influenced by the emergency response system in rural and remote communities. Rural environments present their own unique challenges. There are specific patterns of injury encountered in the rural workplace be it on the farm, in the forest, down in the mine or in fishing outports.

In road accidents, bad weather, poor roads, lack of vehicle maintenance and inadequate use of restraint systems all contribute to the increased mortality rates.

Key issues in rural emergency response include greater distance to cover, more difficulty to locate the accident scene, shortages of emergency response personnel, an over-reliance on volunteers for handling emergencies and the lack of appropriate equipment to respond to emergencies. In some rural and remote communities, emergency response dispatch services are simply not available. In Chapter 14, which deals with the volunteer sector, the committee offers some constructive recommendations to address this often neglected but vitally important aspect of the health care system.

Revitalizing Rural Health Policy At The Federal Level

The need to apply a rural lens to health and health care issues at the federal level led to the establishment in 1998 of the Office of Rural Health. This office was created within Health Canada as a temporary mechanism to ensure that the views and concerns of rural Canadians were better reflected in national health policy, and in particular in the areas of research, early childhood development, First Nations' health, health information technology, health promotion, strategies on HIV/AIDS, diabetes, foetal alcohol syndrome and foetal alcohol effects, primary health care, and accountability. The Office of Rural Health was dismantled in 2004.

One key initiative of the Office of Rural Health was the Rural Health Strategy. This three-year initiative, which wound down in April 2003, provided dedicated funding to identify and address rural health needs federally across Canada. According to Marie DesMeules, Director of the Evidence and Risk Assessment Division, Centre for Chronic Disease Prevention and Control at the Public Health Agency of Canada, the Office of Rural Health accomplished a great deal over the course of its short existence:

Clearly, the Office of Rural Health and the national strategy had a significant role in two key areas: raising capacity for rural health research and programming and raising awareness across public health practice and research to do more in this area. New researchers went into the field and people in practice became more knowledgeable about the needs of rural health. Currently, there is a strong awareness within the Public Health Agency of the need to consider the rural aspect of our programming. Some of our programs, if not fully dedicated to a rural perspective, certainly consider a strong rural focus.

That includes health promotion, chronic disease prevention, infectious disease, child health development and surveillance activities. We do that collaboratively, and we have seen a difference over the years in the level of activity in this area.

– *Evidence*, May 3, 2007

David Butler-Jones, Chief Public Health Officer at the Public Health Agency of Canada, told the committee that stand-alone bureaucratic entities such as the Office of Rural Health have advantages and disadvantages:

The structure of what you need organizationally in order to keep that focus varies depending on the time. Having it woven through is one way of accomplishing that. If that is not happening, then having a focused area, in particular with a new initiative, is often helpful. There are the two tensions – everyone is doing it means no one is doing it. That is the one extreme. The other extreme happens when everyone defers to the area that is doing it but the issues cross over a whole range of programs and activities and so it cannot be done by that one area.

– *Evidence*, May 3, 2007

Rural issues have not disappeared altogether from the federal public policy scene since the demise of the Office of Rural Health. For example, the 2006 CIHI report, with its dramatic and conclusive findings about the state of health in rural Canada, is presumably a by-product of the earlier policy focus on rural issues. However, the committee is concerned that this achievement, as well as the initial flurry of concern about rural health matters raised by the now defunct Ministerial Advisory Council on Rural Health, the Romanow Commission and the Senate Social Affairs Committee, is not sufficient to ensure continued progress. We cannot afford to be complacent about rural health. The committee strongly believes that rural health issues need a champion within Health Canada to provide a more vigorous voice for rural health concern at the federal level. Therefore,

RECOMMENDATION 12-1: The committee recommends that the federal government restore the Office of Rural Health within Health Canada; that Health Canada, through its Office of Rural Health, develop and implement a long-term National Rural Health Strategy in consultation with the provinces and territories; and that the National Rural Health Strategy encompass initiatives related to telehealth, health human resources and health research in rural Canada.

The components of the recommended National Rural Health Strategy – which pertain to telehealth, health human resources and health research – are outlined in the following sections.

Enhancing Rural Access To Health Care Providers

Many provincial and territorial ministries of health have developed strategies to help improve access to health care professionals by people living in rural and remote regions, and a number of national initiatives have also been undertaken in recent years to address the shortage of rural health care providers (Text Box 12-1 describes the important role of provincial health information lines).

Both the report of the Senate Social Affairs committee chaired by Michael Kirby and that of Commissioner Roy Romanow recommended that the federal government collaborate with its provincial and territorial counterparts to develop a national strategy. The federal government responded in 2003 by launching the Pan-Canadian Health Human Resource Strategy with \$20 million in annual funding (from 2004-005 through 2007-2008). The Strategy includes three components: Pan-Canadian Health Human Resource Planning; Inter-professional Education for Collaborative Patient-Centred Practice; and Recruitment and Retention of Health Care Providers/Professionals. In 2005, the federal government also provided \$75 million in funding over 5 years for the Internationally Educated Health Professionals Initiative.

Text Box 12-1 : The Importance of Free Health Advice Telephone Services for Rural Canada

Most provinces and territories offer a free, confidential 24-hour health advice telephone line staffed by registered nurses. Among other things, the 1-800 health lines provide immediate, professional health advice or information. They also direct people to the most appropriate source of care.

When the person calls, he/she is asked to describe his/her symptoms and answer questions that help the nurse assess the seriousness of the problem. Based on the assessment, the nurse will help decide whether the person should treat his/her own symptoms, go to a clinic, wait to see a doctor, or go to a hospital emergency room.

These registered nurses are highly experienced and specially trained to help Canadians make decisions about their health care options. They provide quick and easy access to health information.

1-800 health lines have been shown to be very helpful in rural Canada where typically, residents must travel long distance to access basic health care services. They can also help alleviate waiting lists in rural emergency rooms and doctors offices.

A variety of projects and initiatives funded under both the Pan-Canadian Health Human Resource Strategy and the Internationally Educated Health Professionals

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Initiative concern rural issues. For example, one project relates to the “Enhancement of Physician Health Human Resources in Rural Canada”; the Society of Rural Physicians of Canada has been allocated \$153,895 (for 2004-2005 to 2006-2007) to undertake this project. Another federally funded project, “Building the Future: An Integrated Strategy for Nursing Human Resources in Canada,” aims to create a long-term strategy to ensure that there is an adequate supply of skilled and knowledgeable nurses to meet the evolving health care needs of all Canadians. Although its emphasis is broader than rural and remote nursing, the findings and implications of the study will include a focus on rural issues.

Two concerns were raised with respect to these federal, provincial and territorial initiatives. The first relates to the lack of focus on rural health human resources issues. It is unclear how much funding is devoted to improving access to health care providers in rural Canada. The second concern relates to the fact that these initiatives have ended or will end soon: the Pan-Canadian Health Human Resource Strategy was due to expire at the end of 2007-2008, while the Internationally Educated Health Professionals Initiative is expected to be completed by 2008-2009.

The committee believes that the federal government can play an important role in assisting the provinces and territories in their efforts to reduce gaps in rural health care access. Federal support for rural health care, however, must be targeted, with a dedicated spending commitment for rural and remote communities. Moreover, such funding must be systematic and sustained. In the view of the committee, short-term solutions aimed at enhancing access to health human resources in rural Canada have not translated into improvements in access to health care in these communities. The problem of recruiting and retaining a wide range of health care providers is far from being solved; in fact, it is unfortunately likely to get worse.

RECOMMENDATION 12-2: The committee recommends that, as part of its National Rural Health Strategy, Health Canada’s Office of Rural Health implement a Rural Health Human Resources Initiative to address shortages of health care providers in rural and remote communities; and that the Rural Health Human Resources Initiative be made permanent and provided with dedicated federal funding.

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Witnesses also told the committee that one strategy that has proven successful for the recruitment and retention of health care providers in rural Canada has been to expose rural professionals to rural life while they are still in school. Another complementary way, according to Dr. MacLellan, is to train health care professionals to deal with the realities of rural life, which means moving away from the kind of specialized, urban-centric training offered in most medical schools today, in favour of training people with more general skills:

I can give all kinds of examples where it is becoming increasingly more difficult – much more so than it was in the 1940s or in the 1930s – for rural patients to get fairly simple care close to home. This is because of the natural specialization that happens. The federal government, not just Health Canada but also the department of Human Resources and Social Development and others, can look at supporting generalization, that is, jack-of-all of trades. That is how health care has been given informally in rural Canada, and it is exactly the type of team needed anywhere in the world. That is, a team of generalists, each of which have certain specialty skills.

– *Evidence*, March 22, 2007

From this perspective, the committee was pleased to hear that the federal government, through FedNor, contributed funding for a feasibility study that led to the recent creation of the Northern Ontario School of Medicine. The country’s first new medical school in 35 years, it is located at Laurentian University in Sudbury and at Lakehead University in Thunder Bay, two regional hubs in largely rural northern Ontario. Although the Northern Ontario School of Medicine has yet to graduate its first class of students – classes began only in 2005-06 – it is built around some of the principles outlined by both Dr. MacLellan and Dr. Pong (who teaches at the school).

For example, the school begins its recruiting efforts in northern Ontario high schools, targeting young people who are “likely to thrive in the challenging northern rural learning environments.”²⁶⁹ It has multiple teaching and research sites distributed across northern Ontario, and students learn in small groups, “much of the time in distributed community-based learning sites supported by broadband communication information technology.”²⁷⁰

²⁶⁹ Northern Ontario School of Medicine , Website, *About Us*, http://www.normed.ca/about_us/glance.htm.

²⁷⁰ *Ibid.*

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Finally, the school's first guiding value is "a passion for living in, working in and serving northern urban, rural and remote communities."²⁷¹

The committee was also pleased to learn that specific nursing programs with a rural focus are available at the University of Northern British Columbia, Laurentian University, and the First Nations University of Canada. Students are provided with theoretical content relevant to rural nursing and rural health care and complete clinical rotations in a variety of rural communities.

The committee believes that Canada needs more programs based on the kind of philosophy and approach used in the Northern Ontario School of Medicine. Similarly, it is our view that more university programs for health care providers that focus on the realities of rural community settings are needed. We believe that the federal government should encourage regional development agencies to fund feasibility studies for the expansion or creation of new health education programs and facilities tailored to the next generation of rural health care providers. The federal government should also assist the provinces and territories in their efforts to include more content that is specific to rural practice in medical, nursing and other health-related curricula.

RECOMMENDATION 12-3: The committee recommends that Health Canada, through its Office of Rural Health, work with its provincial and territorial counterparts and with regional development agencies to fund proposals for new health educational programs and facilities in rural parts of Canada.

Telehealth

As many of the committee's witnesses suggested, new technologies, especially high-speed broadband telecommunications, have the potential to collapse at least some of the distance that is at the root of the gap in rural-urban health status and access. For example, Susan Villeneuve, senior policy analyst with the Federation of Canadian Municipalities, told the committee about how telehealth improved health outcomes in Twillingate, a remote coastal community in Newfoundland, (population 2 448 in 2006, down 6.2% from 2001):

²⁷¹ Northern Ontario School of Medicine Website, *MD Program: Introduction*, <http://www.normed.ca/programs/undergraduate/mdprogram/>

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For many parents, taking their children to see the speech pathologist in the hospital was difficult. We wanted to improve that service at a local level. We initiated a research project, which then developed some pilot projects. It connected different groups of people that dealt with the same thing, but they had been split into their little silos. We connected the public health nurse with the speech pathologist and the doctor at the hospital. Through broadband, we worked in telehealth for speech language pathology services for those children or parents who could not go to the hospital. In the end, the project was successful in that it greatly improved the service. At the time the project started, there was a three-year waiting list to see a speech language pathologist, and that is too late. We were able to make significant improvements.

– *Evidence*, May 10, 2007

Similarly, Mona Comeau, a services manager with the Jeanne Sauvé Family Services in Kapuskasing, Ontario, told the committee that telehealth has been used to offer to young people in the community mental health services that would otherwise be mostly unavailable: “Something that has been extremely positive for us is that we now have access to video conferencing equipment for psychiatry services, for children who need to be assessed for mental health problems. We have the resources at the office. They provide us with the TVs and necessary equipment. This is a very effective program offered through Sick Kids in Toronto. We use it regularly.” (*Evidence*, June 1, 2007)

Although telehealth services hold a lot of promise for rural Canada, the committee was reminded that they cannot be universally applied in rural and remote areas until these communities have universal access to high-speed Internet. Moreover, Dr. MacLellan warned about a very real risk that telehealth may command too much of the policy spotlight and detract from spending on basic health services that have proven track records in improving rural health outcomes:

A friend of mine, a very broad-based doctor in Fogo Island, can put you to sleep and perform surgery. He went to Grand Manan to fill in and told me that he was surrounded with telehealth equipment but could not do a simple blood test. There was nothing to support his skills. Telehealth is excellent, but whenever it is being implemented, you must ask the question: Will this improve local capabilities or will it replace local capabilities? In general, if it will just replace local capabilities it will not be good, whereas if it will make local capabilities better, including the times when the Internet is down and nothing is working, then I am all for it. That is not how it is being implemented now. It consists of just large budgets and a

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visit from some telehealth person offering to set up monitors so that you will be able to talk to the specialist. A lot of work still needs to be done.

– *Evidence*, March 22, 2007

The committee agrees with Dr. MacLellan that telehealth projects must be supported when they represent a cost-effective means of delivering health care. We also concur that these projects must be closely monitored to guard against implementing telehealth initiatives to the exclusion of other proven methods of delivering rural health services. The committee believes that telehealth should be a critical component of the federal government's rural health policy. In the context of rural health, it offers the following advantages: it addresses the shortage of rural health care providers and the lack of medical and nursing training geared to rural practice settings; it improves rural health infrastructure; and it ensures a more equitable development of health information systems across the country. Therefore, the committee supports the expansion of the telehealth approach and is in line with the April 2002 report of the Standing Senate Committee on Social Affairs, Science and Technology²⁷² as well as the November 2002 reports of both Commissioner Romanow and the Ministerial Advisory Council on Rural Health.

RECOMMENDATION 12-4: The committee recommends that, as part of its National Rural Health Strategy, Health Canada's Office of Rural Health invest in cost-effective telehealth applications that will enhance access to care and improve the quality of health services in rural and remote communities.

Rural Health Research

In addition to the Office of Rural Health, the federal government's rural health strategy in the early 2000s also led to the creation of a Special Advisor on rural health in the Canadian Institutes of Health Research (CIHR), the federal government's main health research funding agency. In 2002, CIHR set up a \$1.5 million fund for rural health research; the fruits of that research are now beginning to appear in published reports. During his appearance before the committee, Dr. MacLellan stressed the need for additional rural health research of the kind conducted by the CIHR: "Research is a huge issue. We need to characterize, for example, how well we are taking care of heart attacks in southern Saskatchewan. Do they need to be transferred or not, or is it cheaper to boost

²⁷² Standing Senate Committee on Social Affairs, Science and Technology, *The Health of Canadians – The Federal Role: Principles and Recommendations for Reform* (Volume Five), April 2002, p. 86.

up the care locally? Research is a massively important thing that the federal government can do.” (*Evidence*, March 22, 2007) For his part, Dr. Pong pointed out in his brief that “not much is known about rural poverty and health” because “the rural poor are under-researched” (*Evidence*, Brief to the committee, p. 1). He further noted that “the interface between rural, poverty and health is something we know very little about because very little research has been done to date. Indeed, a literature search has found very few published Canadian studies on the relationship between rural poverty and health.” (*Evidence*, Brief to the committee, May 29, 2007)

The committee believes that rural health research is essential to understand, forecast and positively influence rural health. In addition, the effectiveness of rural health programs and services must be evaluated. Moreover, the complex links between rurality, poverty and health must be examined closely. It is the view of the committee that the federal government has a clear role to play in the funding of rural health research and in the diffusion of research outcomes. Rural health must be a research priority at the federal level, and dedicated and sustained funding must be devoted to this priority.

RECOMMENDATION 12-5: The committee recommends that the Canadian Institutes of Health Research, in collaboration with Health Canada’s Office of Rural Health, make a long-term investment through dedicated funding in strategic initiatives in rural and remote health research.

Conclusion

Adopting a rural focus in health means adopting a flexible set of policies that is sensitive to local conditions and that uses local knowledge and know-how to best advantage. Again, as with the other topics of this report, it is also important to remember that health considerations overlap in many ways with many issues surrounding rural revitalization, including economic development. As an example, Dr. MacLellan reminded us how difficult it is to imagine a vibrant and hopeful rural community without some kind of hospital or easy access to a hospital: “How will you plan for an economic development in a town when the hospital is just a triage centre or even just has a telephone, which is what is happening in some parts of Saskatchewan? It factors very

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large, but there is no political will amongst our federal or provincial politicians to champion rural health care.” (*Evidence*, March 22, 2007)

SECTION IV:

**THE HEALTHY
COMMUNITY APPROACH**

SECTION IV: THE HEALTHY COMMUNITY APPROACH

[O]ur Community Futures Program steadily impress me. [...] the central government provides a certain amount of funding and some basic rules of the game to stimulate the programs, and then, for all intents and purposes, governments get out of the way. This allows the fundamental truth about rural communities to operate: they can figure it out if they have a bit of incentive or a piece of space and some resources to do it. They are capable of taking care of many of their own ideas.

– Anthony Fuller, Professor, School of Environmental Design and Rural Development, University of Guelph, *Evidence*, October 31, 2006

In the last chapter, the committee discussed problems with access to health care services in rural Canada and stressed that these should be top priorities for the federal government and Health Canada in particular. It is also important however to recognize that the *major* determinants of health span a much broader range of issues than mere access to the health care system.

The “healthy communities” movement, which was pioneered by a Canadian doctor named Trevor Hancock, argues that health is in fact largely “determined by equitable access to such basic prerequisites for health as peace, food, shelter, clean air and water, adequate resources, education, income, a safe physical environment, social supports, and so on.”²⁷³ The “healthy communities” approach places citizen participation at the heart of what it advocates, emphasizing

collaboration, including citizen participation, to identify and take action on the social, economic and environmental factors that affect health and well-being. For example, a community could decide to take aim at poverty by setting up communal kitchens, meals-on-wheels services or youth centres. It may decide to plant trees to protect the environment. To increase employment, a community might sponsor community economic development forums. A Healthy Communities approach often means rekindling a sense of belonging and pride in one’s community. What most distinguishes this approach from others is its focus on bringing communities together to collaborate, set priorities and take action.²⁷⁴

²⁷³ Encyclopaedia of Public Health, “Healthy Communities,” available at <http://www.enotes.com/public-health-encyclopedia/healthy-communities/print>

²⁷⁴ Ministerial Advisory Council on Rural Health, “Rural Health in Rural Hands: Strategic Directions for Rural, Remote, Northern and Aboriginal Communities,” p. 18, available at: http://www.phac-aspc.gc.ca/rh-sr/pdf/rural_hands.pdf.

In its final report, the now-defunct Ministerial Advisory Council on Rural Health, (discussed by Dr. Keith MacLellan in his presentation to the committee), placed the “healthy communities” model at the centre of its recommendations, arguing that this approach is ideally suited to rural communities because rural citizens “are often highly motivated, and their strong sense of community identity favours a holistic approach to health. As well, the small size of rural communities makes them easier than urban centres to organize, reach consensus and coordinate a broad response.”²⁷⁵

A lot of the themes discussed in previous chapters of this report could have easily been framed from this perspective. After all, housing, education, income, environment, economy, and transportation are all key elements of the healthy living and healthy communities, as emphasized in a recent report by the Standing Senate Committee on Social Affairs, Science and Technology’s Subcommittee on Population Health.²⁷⁶ Most of the discussion in these chapters emphasized however what the federal government can do *for* rural citizens rather than what rural citizens can do for themselves.

This fourth and final section of the report is framed by this “healthy community” approach to emphasize what rural citizens and rural communities, with a bit of assistance from higher levels of government, can do for themselves because, as the Subcommittee on Population Health notes “the active participation of civil society groups has been identified as a key success factor in cases in which intersectoral policy on health determinants has worked well both at the local and national levels.”²⁷⁷

²⁷⁵ *Ibid*, p. 19.

²⁷⁶ Subcommittee on Population Health of the Standing Senate Committee on Social Affairs, Science and Technology, April 2008, “Population Health Policy: Issues and Options,” Fourth Report, available at: <http://www.parl.gc.ca/39/2/parlbus/commbus/senate/com-e/soci-e/rep-e/rep10apr08-e.htm>.

²⁷⁷ *Ibid*, p. 20.

CHAPTER 13: A HEALTHY SMALL BUSINESS SECTOR

Canada needs to “[a]ssist rural artisan small- and medium-sized enterprises and community enterprises proactively, and to help with the move of these enterprises to higher performance and safety standards. The point I am making here is that Canadian rural businesses, small businesses, have a real struggle to scale up production and employment.

– Peter Apedaile, Professor Emeritus,
Department of Rural Economy, University of Alberta (as an individual),
Evidence, November 9, 2006

Small businesses play an essential role in rural Canada. As some of the committee’s witnesses noted, a small business employing 5 or 10 workers can be an important employer in a small town of 1,000 people, of whom 500 or 600 might be actively involved in the labour force. Bruno Jean, Canada Research Chair in Rural Development at l’Université du Québec à Rimouski, also reminded the committee that access to a convenience store and gas station can mean the difference between easy access to basic supplies and having to travel 10, 20 or more kilometres to buy a loaf of bread or fill up the gas tank: “In these [rural] communities, when the corner store closes and there are no more gas stations where you can fill up your car, it’s a problem. It’s an enormous problem in these people’s daily lives” (*Evidence*, October 26, 2006).

The statistical evidence tends to support the claim that small businesses are crucial to rural Canada’s economic health and, moreover, that they differ from their urban counterparts in important ways. According to a recent Industry Canada study, rural-based small and medium-sized enterprises (SMEs) represented 28% of the estimated 1.4 million SMEs in Canada in 2004, a proportion well above rural Canada’s share of the overall population (i.e., just under 20%).²⁷⁸ According to Industry Canada, this probably reflects both the important role of local resource-based economic activities (agriculture, forestry, fisheries and mining) and the fact that rural Canadians are more entrepreneurial than their urban peers, a hypothesis supported by the fact that 6% of rural Canadians owned an SME compared with 4% of urban Canadians.²⁷⁹

²⁷⁸ Industry Canada, November 2007, “SME Perspective: Canadian Rural-Based Entrepreneurs,” *Small Business Quarterly*, Vol. 9, No. 3, p. 1. Note that “small and medium-sized businesses” are defined as firms with 500 or fewer employees.

²⁷⁹ *Ibid.*, p. 1.

Businesses in rural Canada also tend to be very small. For example, a 1999 Statistics Canada study found that, in 1996, 82% of rural Canada's businesses employed fewer than 10 people, compared with 74% of small businesses in urban areas.²⁸⁰ A survey conducted in 2004 found that 86% of all rural SMEs fall into what is known as the micro-business category, meaning that they employ fewer than five employees. In urban Canada, the comparable figure is 83%.²⁸¹

The available financial data suggest that rural-based entrepreneurs encounter greater hurdles than their urban peers. First, their businesses tend to be less profitable. According to Industry Canada, the profitability of rural SMEs in 2004 was 26%, as compared with 29% in urban areas. Second, rural entrepreneurs tend to have fewer options to choose from when they seek financing to start a new business or expand an existing one. This fact is reflected in the tendency for rural entrepreneurs to use credit unions and caisses populaires as their main financial institution. In 2004, more than one third of rural-based SMEs used credit unions or caisses populaires for their day-to-day banking, compared with only 15% of urban SMEs.²⁸² Third, rural SMEs were far more likely to deal with one financial institution for longer periods of time than urban-based SMEs – again in 2004, 43% of rural SMEs had been with the same financial institution for more than 10 years, compared with 33% of urban SMEs. This finding also supports the claim that rural entrepreneurs have access to a restricted range of financial institutions in comparison with their urban counterparts.

From a policy perspective, and for the purposes of this chapter, the major difference between urban and rural small businesses and SMEs boils down to access to credit, an area in which the federal government plays an active role and where several of our witnesses felt there was room for improvement. The committee's witnesses also had a lot to say about alternative ways to structure the provisioning of goods and services in rural Canada, namely through the use of "social economy enterprises," cooperatives and, of course, credit union and caisses populaires movements. The discussion that follows

²⁸⁰ This study defined "rural" as all census subdivisions with fewer than 20,000 people; all other areas were defined as "urban."

²⁸¹ Industry Canada, *op. cit.*, p. 2.

²⁸² *Ibid.*, p. 2.

proceeds along a continuum ranging from the not-for-profit model embodied in these social economy enterprises to the enhancement of credit so that SMEs can grow and provide the jobs and economic activity that rural Canada needs in order to prosper.

Social Economy Enterprises, Community Economic Development, and the Cooperative Approach

The social economy represents the future of many rural communities in Quebec. It represents the link between society and economics, and also includes the environment. I think the social economy receives very little support, be it from the province or from the federal government.

– Alain Coutu, community organizer,
Centre de Santé et des services sociaux du nord de Lanaudière,
Evidence, May 18, 2007

Over the course of the committee’s hearings, several witnesses discussed the idea of expanding the presence of “social economy enterprises” in rural Canada. Unlike normal businesses that strive mainly to maximize profits, social economy enterprises generally produce goods and services on a not-for-profit basis²⁸³ while trying to maximize the “social good” they generate for their members and the community as a whole. Text Box 13-1 provides additional background information on the social economy enterprise movement.

²⁸³ Although the cooperative sector, which is usually considered a social economy enterprise, *does* typically try to turn a profit and sometimes distributes profits among members, profit considerations are not the main motivation for cooperative enterprises.

Text Box 13-1: Background on Social Economy Enterprises

In addition to their non-profit status, social economy enterprises differ from private for-profit companies in a few other important respects. First, the employees of social economy enterprises include both volunteers and paid workers. An important part of the mission of many social enterprises is to help create paying, meaningful work for the community. Second, social economy enterprises tend to be run democratically, each member having a roughly equal say in their operation. Third, although funding sources may include proceeds from the sale of goods and services, they also include donations from church groups, other community organizations and individuals, as well as government grants. Fourth, on dissolution of social enterprises, members generally turn over or donate proceeds and accumulated capital to other organizations with similar goals. Given these features, the “social economy enterprise” label has tended to be used in reference to well-established organizations such as cooperatives, credit unions, caisses populaires, and service clubs such as the Red Cross or Salvation Army.

In Canada, the term “social economy” is most commonly used in Quebec, where the cooperative sector has a long and distinguished history of involvement in rural economic development. The provincial government in Quebec has been especially active in this area, most recently in its 2006–2007 Budget, which allocates \$10 million to a social economy fund for the province.¹ In all, an estimated 6,200 social economy enterprises in Quebec employ 65,000 people and generate annual sales in excess of \$4 billion, or roughly 2% of the province’s gross domestic product.²

In the rest of the country, the term “community economic development” is most often used to describe activities that are roughly similar to what one might find in a typical social economy enterprise, i.e., activities linking economic and social development to improve a community’s quality of life. According to at least one author, there appears to be a growing convergence between the way people think about the two concepts and approaches to helping traditionally disadvantaged areas.³

Notes and Sources:

1. This is in addition to several earlier investments, such as a \$20 million three-year commitment made in the 2003-04 budget. See, for example, Finances Québec, “2003-2004 Budget: Three concrete measures to support Québec businesses,” News release, 11 March 2003, available at: http://www.budget.finances.gouv.qc.ca/budget/2003-2004/en/discours/20030311_04.asp.
2. See, for example, Human Resources and Social Development Canada, Backgrounder, “Social Economy,” available at: http://www.hrsdc.gc.ca/cgi-bin/hrscd-rhdsc/print.asp?Page_Url=/en/cs/comm/sd/social_economy.shtml
3. For a discussion, see Eric Leviten-Reid and Sherri Torjman, “Evaluation Framework for Federal Investment in the Social Economy: A Discussion Paper,” Caledon Institute of Social Policy, January 2006, available at: <http://www.caledoninst.org/Publications/PDF/566ENG.pdf>. In their discussion paper, Leviten-Reid and Torjman note that “[t]he ‘old’ social economy tended to emphasize the role of democratically controlled enterprises such as co-operatives, mutual societies and credit unions. The ‘new’ social economy encompasses a wider set of organizational forms, including various types of community development organizations through which citizens tackle economic and social challenges.”

Until relatively recently, the federal government had little in the way of direct involvement in social economy enterprises. In Budget 2004, however, the federal government announced a three-part \$132 million social economy initiative that was to be built around community economic development strategies.²⁸⁴ Under the first part of the

²⁸⁴ “Typically, social economy enterprises grow out of community economic development strategies involving citizens, governments, the voluntary sector, business, learning institutions and other partners.” See Government of Canada, *Budget 2004*, p. 179, available at: <http://www.fin.gc.ca/budget04/bp/bpc4de.htm>

initiative, the federal government committed to spend \$17 million over two years (2004–2005 and 2005–2006) to increase “capacity building” by helping the regional development agencies and community economic development groups devise ways of using the social economy enterprise approach to generate economic development, especially in rural areas. Under part two, the federal government committed to spend \$100 million over five years (\$20 million per year beginning in 2004–2005) to increase lending to social economy enterprises and help create four “patient capital funds” – essentially long-term loans (5 to 10 years at least) with flexible repayment terms – managed by the regional development agencies.²⁸⁵ Finally, under part three, the federal government committed to spend \$15 million over five years for community- and university-level research into the social economy approach.

In September 2006, however, the federal government announced that it was reallocating \$39.3 million in uncommitted funds from the social economy initiative as part of a program review and cost-savings exercise. Over its brief existence, the federal government’s social economy initiative led to the creation of only one patient capital fund for social economy enterprises, namely Québec’s La Fiducie du Chantier de l’économie sociale. Thanks to an initial \$28.5 million federal contribution delivered through Canada Economic Development for Quebec Regions (CED-Q), La Fiducie has been able to leverage an additional \$30 million for investments in Quebec-based social economy enterprises.²⁸⁶

Carol Hunter, Executive Director of the Canadian Co-operative Association (CCA), urged the committee to recommend that the federal government reverse its September 2006 decision and extend social economy initiative funding to other regional development agencies: “We would urge a reconsideration that the Social Economy

²⁸⁵ With respect to increased lending, the regional development agencies plus FedNor were expected to build “strategic alliances” with lenders such as credit unions, commercial banks and the Business Development Bank of Canada so that social economy enterprises could take advantage of a range of government-backed lending programs otherwise targeted toward for-profit small businesses. With respect to patient capital funds, the monies were to be allocated through a competitive tendering process and were deemed essential because “access to patient capital is often a critical factor in the ability of social enterprises to grow.” See Government of Canada, *Budget 2004*, p. 180.

²⁸⁶ See Chantier de l’économie sociale, “Budget 2006-2007 : 10M\$ pour le soutien de l’économie sociale,” available at: http://www.chantier.qc.ca/uploads/documents/publications/budget_2006-2007_final_.pdf.

Initiative is something that is available for all Canadians across the country, not just in Quebec” (*Evidence*, April 26, 2007).

The committee believes that the social economy enterprise approach is ideally suited to rural Canada because it takes full advantage of a well-established cooperative tradition while being attentive to local needs and local assets and skills. In a word, the social economy approach is flexible. Social economy enterprises should be a key component of any “healthy communities” approach to sustaining a healthy small business sector in rural Canada.

RECOMMENDATION 13-1: The committee recommends that the federal government restore funding to the Social Economy Initiative and direct its regional development agencies to immediately begin work on creating patient capital funds similar to La Fiducie du Chantier de l’économie sociale in Quebec.

Micro-Credit Enterprises and Lending Circles

A lot of times, all that is needed is just a thousand dollars or a small amount of money. If you look at the loan funds that are already doing this, such as the one in Saint John, it has done remarkable work with very limited resources. Supporting organizations like that would be one suggestion.

– Sue Rickards, Member of the Board,
Neighbours Alliance of North York,
Evidence, February 13, 2007

Micro-credit loans are small loans usually provided to unemployed people, small entrepreneurs or others who are living in poverty and do not have collateral or are not considered bankable. These loans originated as a tool to help impoverished people (mostly women) in developing countries start small self-employment enterprises. The economic rationale for micro-credit is the idea that traditional financial institutions under-supply loans to people with low incomes, which leads to slower growth in the economy than would normally occur. Micro-credit fills the gap left by traditional financial institutions.

Partly because of the success of micro-credit programs in developing countries, interest in this approach to poverty alleviation has also grown in developed countries. In Canada, the micro-credit approach has generated considerable interest in rural and other

disadvantaged areas, where Canada's large financial institutions are increasingly reluctant to invest and where self-employment is often the only viable way out of poverty.²⁸⁷

Programs that provide small business loans to entrepreneurs are available in most provinces, and many are targeted toward residents of rural areas.²⁸⁸ In its hearings, the committee was told about three micro-credit programs with a strong rural focus. By far the most extensive network of micro-credit programs is delivered by the Réseau québécois du crédit communautaire. The Réseau represents micro-credit lending programs in rural and urban areas of the province. The province of Quebec pays the operating costs of these programs while operating capital is donated by local businesses, local charities, religious groups and individuals within the communities where the loans originate. Crucially, money raised by the community stays in the community. Text Box 13-2 describes the Réseau in more detail.

Text Box 13-2: Quebec's Micro-Credit Network

Founded in 2000, the Réseau québécois du crédit communautaire represents nine Fonds communautaires d'emprunt (community loan funds) and eleven Cercles d'emprunt (lending circles), which administer Quebec's micro-credit program. The micro-credit program is designed for people with low incomes who would like to start a small business but have little access to conventional financing. The value of the loan varies from \$500 to \$20,000, and technical assistance in starting a business is also made available to successful applicants.

Both the Fonds communautaires d'emprunt and the Cercles d'emprunt were created in the mid-1990s to provide micro-credit loans and technical support in developing business plans to people living on low incomes. The Cercles d'emprunt focus on smaller loans worth up to \$5,000 and help with the pre-business planning process. Cercles d'emprunt is a peer-supported micro-credit loan program through which members (usually 4–7 people) assess member applications for micro-credit. In some cases, the group members assume a portion (20%) of the liability for the repayment of the loan. The Fond communautaires generally help applicants who already have business plans and offer loans worth up to \$20,000.

²⁸⁷ Toni Williams, "Access to Financial Services for Tiny Businesses: What is the Role of Microcredit?," in Christopher Waddell, ed, *Financial Services and Public Policy*, McGill/Queen's University Press, Kingston 2004, p. 55.

²⁸⁸ The Rural Secretariat compiled a list of programs under the Canadian Rural Information Service Micro Credit Pathfinder Section on their Web site: http://www.rural.gc.ca/cris/microcredit/index_e.phtml#books

Quebec benefits from another, distinct micro-credit program funded by CED-Q. According to Stéfane Dufour, Acting Director General, Infrastructure and Business Development at CED-Q, this program was set up in cooperation with Quebec's Community Futures program and is designed to stem the outflow of young people from rural Canada. The program offers:

personal loans between \$5,000 and \$15,000 along with repayment conditions and a two-year interest holiday. This initiative encouraged people to start businesses and it is still in place because we decided to support it. Another major characteristic is to promote the hiring of resources to make young people aware of the importance of entrepreneurship as a development tool that helps them develop business plans and then supports them once the company has been created. This initiative is ongoing and we are still in partnership until 2010 because, essentially, the program has met its objectives. In terms of job creation this is excellent. As we said, it is not the micro credit as it is typically defined, but it is quite close to the idea of promoting access to capital and new business start-ups.

– *Evidence*, May 17, 2007

Like many micro-credit programs, the program has been quite successful, helping start about 400 to 450 new companies each year. According to Mr. Dufour:

Some \$18 million is in play, which means that the money repaid allows for capital turnover. The success rate is approximately 72 per cent and various figures prove that entrepreneurs repay the full amount they have borrowed and that the failure rate is low. Obviously, given the two-year interest holiday, the fund does not show the same yield as other funds after the first year. But the financial loss is approximately 6 to 7 per cent, which is quite respectable given the conditions and environment in which we are working.

– *Evidence*, May 17, 2007

In Ontario, FedNor helps fund two micro-lending programs. The first is called the PARO Centre for Women's Enterprise, a non-profit charitable organization that provides programs and services to 30 lending circles across northwestern Ontario. These lending circles provide small loans in the range of \$500 to \$1500 to women entrepreneurs, most of whom run small businesses out of their homes. The second program funded by FedNor is the Stepping Stone Program. According to Louise Paquette, Director General of FedNor, loans under this program are usually very small (no more than \$1,000) and "are geared more to underemployed or marginalized women. For example, someone who might need to buy the sewing machine before she can make the wares that will allow her to become more self-reliant" (*Evidence*, May 31, 2007).

Unfortunately, micro-credit programs like those in Quebec and northern Ontario are not universally available in rural Canada, nor are all micro-credit problems created equal. Moreover, the evidence is clear that, although default rates are quite low, rural micro-credit programs still need strong backing from government to help defray ongoing operating costs: none of the examples discussed in this section would likely exist or prosper without some form of government assistance. The committee believes, therefore, that the federal government should play a more active role in expanding the micro-credit concept throughout rural Canada. The proposed Department of Rural Affairs could begin by identifying areas where such facilities are not available and liaising with the regional development agencies to expand their availability.

RECOMMENDATION 13-2: The committee recommends that the proposed Department of Rural Affairs coordinate an effort by Canada's regional development agencies to expand the range and availability of micro-credit programs in rural Canada. The programs should especially target traditionally disadvantaged groups such as rural women, Aboriginal people, immigrants and Francophones.

Strengthening Community Futures and Supporting Credit Unions

I think it is fair to say that AIMS [Atlantic Institute for Market Studies] has never been a big fan of ACOA [Atlantic Canada Opportunities Agency]. In particular, AIMS has never been a big fan of large block subsidy grants to anyone who is not accountable for them. ACOA has a long and — you can use either coloured or storied — past of those kind of programs. That being said, you are absolutely right. ACOA has begun to make changes. Some of their programs are far more oriented to practical, flexible, deliverable and measurable results than they have ever been in the past. If I had to pick one program to keep, of all the ACOA programs, it would likely be the Community Futures Program delivered through the Atlantic Community Business Development Corporations.

– Charles Cirtwell, Acting President, Atlantic Institute for Market Studies,
Evidence, February 15, 2007

The challenges of accessing credit in rural Canada have long been recognized at the federal level. Arguably the most successful program to help address this concern has been the Community Futures program, a federally funded but community-based and community-led initiative created in 1986 that focuses on the poorest parts of rural Canada and sets economic development and job creation as its two main objectives.

In the program's first incarnation, the government offered a range of programs under the Community Futures banner, including loan and advisory services through local business development centres, financial incentives for self-employment, funding for community projects tied to a wider strategic plan (Community Initiatives Funding), training, and relocation and travel assistance for job-search activity. In 1994, the federal government reorganized Community Futures into a network of Community Futures Development Corporations (CFDCs) by, among other things, discontinuing Community Initiatives Funding and merging Community Futures committees (consisting of local business, union and community leaders) with regional and local business development centres. In 1995, the government transferred responsibility for the CFDCs from Human Resources Development Canada to Industry Canada's FedNor division and the government's three regional development agencies, namely, the Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions (CED-Q), and Western Economic Diversification Canada.

In their presentations to the committee, the regional development agencies painted a picture of the reach and importance of the Community Futures programs. For example, Eleanor King, Director General of Community Development at ACOA, outlined the program's role in Atlantic Canada:

In Atlantic Canada, the Community Futures program supports 41 Community Business Development Corporations — CBDCs — in rural areas, focused on lending to small and medium enterprises in various sectors, filling a gap in access to capital. During the last 10 years, CBDCs have issued 13,000 loans, totalling \$376 million, to businesses in their communities, leveraging an additional \$360 million in private-sector investment and financing. CBDCs invest in the start-up and expansion of more than 1,000 businesses annually, positioning them as key supporters of the rural economy. They are filling the financing gap left by the absence of traditional sources of financing in rural areas and the reluctance of financial institutions to invest in high-risk, low-value loans, generally under the \$150,000 mark. Key sectors, including retail, manufacturing, tourism and resource sectors that are most prevalent and integral to rural economies represent the majority of CBDC investment.

– *Evidence*, February 13, 2007

Ardath Paxton Mann, Assistant Deputy Minister at Western Economic Diversification Canada in British Columbia, provided the following overview of Community Futures programs in Western Canada:

There are 90 non-profit CFs, four CF associations and one pan-West CF group in the West providing virtually 100 per cent rural coverage in Western Canada and serving an estimated 3.1 million non-metropolitan residents. Of the 90 non-profit CFs, four are specifically Aboriginal Community Futures organizations. The Community Futures Program was established based on the tenets of community economic development, CED, which you have heard a fair bit about, a community-based and community-directed process that combines social and economic development to foster the well-being of communities. Community volunteers who understand social issues and recognize opportunities are a key factor in the success of the CFs. In 2005-06, CFs engaged over 2,500 community-based volunteers, including board members, who provided over 86,000 volunteer hours. A strong entrepreneurial capacity is key to thriving, healthy communities. In the last five years, the 90 CFs in Western Canada have made over 6,700 loans totalling over \$220 million, which leveraged an additional \$315 million in funding from other sources. These investments have been projected to create or maintain more than 2,100 jobs in rural Western Canada. CF loans do not go to assist only those in the economic mainstream. Over the last five years, 13 per cent of the CF loans have gone to Aboriginal entrepreneurs, 5 per cent to entrepreneurs with disabilities and 9 per cent to young entrepreneurs. Obviously, we want to get those figures up. Loans are relatively small. The average CF loan over the last five years has been in the ballpark of \$32,000.

– *Evidence*, March 1, 2007

Remarkably, despite the supposedly risky nature of lending to small businesses in rural Canada, the default rate on loans at both ACOA and Western Economic Diversification Canada tend to be quite low. According to Eleanor King of ACOA:

Obviously, with any process of doing loans, there are some writeoffs and defaults, but the numbers are smaller than perhaps most people might think. In the information I have here, the cumulative rate of defaulted contracts and/or writeoffs was 15 per cent. It is not a huge number when you look at the same kinds of default records for banks, who are also involved in providing loans to enterprises as well.

– *Evidence*, February 13, 2007

Jim Saunderson, Director General, Corporate Finance and Programs, Western Economic Diversification Canada, told the committee that the default rate was probably “around 10 per cent or a little less than that.” (*Evidence*, March 1, 2007) In her presentation, Louise Paquette from FedNor described Community Futures as “one of the

best investments in rural Canada” and then went on to describe its presence in rural Ontario:

In Ontario, we support a network of 61 community futures development corporations, CFDCs, which loans of up to \$150,000 for businesses where banks and financial institutions have turned them away. These CFDCs also work with their communities to develop strategic plans and help small businesses by providing them with counselling, referrals and technical advice. This program’s most treasured asset is its volunteers. We have over 600 volunteers in Ontario who sit on individual boards of directors. Quite honestly, without the volunteers, this program would not have a hope in hell of surviving.

– *Evidence*, May 31, 2007

The committee heard almost universal praise for the Community Futures approach to economic development. As the committee noted in its Interim Report, the program has been singled out by the OECD (Organisation for Economic Co-operation and Development) as one of the most innovative and successful rural-oriented policies anywhere in the world. Nevertheless, several witnesses suggested that the Community Futures concept needs to expand beyond providing money only for start-up operations and to move toward supporting larger-scale operations. For example, at the committee’s hearings in Corner Brook, Newfoundland, Sean St. George, executive director of the Red Ochre Regional Board Inc. (Regional Economic Development Board) said that he would like to see the Community Futures program increase the amount of money it is willing to lend:

The challenge we have, though, is the amount of investment we need. They have limitations on their investment fund — \$125,000 right now, I believe. There are issues of how we fund businesses. I will give you a specific example, and, again, we would have to look at the policy. We have shrimp plants producing shrimp that dump the shrimp shells off the coast, whereas if we could build a shrimp shell processing plant, we could produce chitin and other by-products that are used in the pharmaceutical sector. That is where the more holistic approach comes in to make sure we get the value added.

– *Evidence*, February 19, 2007

Dr. Peter Apedaile of the University of Alberta made a similar point, noting that:

I am on the board of directors of RCFDC, Community Futures Development Corporation, where we put our money into trying to start new businesses, but effectively these loans almost always end up being consumer loans to the mom-and-pop owners of the business. It just does not move from there, it does not

create employment and it does not do the kinds of things we need to get people moving out of their low incomes.

– *Evidence*, November 9, 2006

Diane Martz, Research Manager at the Prairie Women’s Health Centre of Excellence, echoed these views: “I think there are opportunities to expand the program and perhaps to increase the loan base so that the program could foster more business start-ups and the like. In the area with which I am familiar, they do try to support innovation around the agricultural products that are being produced.” (*Evidence*, November 23, 2006)

The committee believes it is important for the federal government to reaffirm its long-term commitment to the Community Futures program, one of the few unequivocal success stories in federal rural policy and, aside from the post office, one of the few visible signs of the federal government in rural Canada. The Community Futures program success is due in no small part to the fact that it is locally run and suited to local conditions. Like the social economy approach, it too is flexible. For these reasons, the committee also believes that the federal government should consider expanding the size of loans available under the program as well as the total financing envelope for the program.

RECOMMENDATION 13-3: The committee recommends that the federal government reaffirm its long-term commitment to the Community Futures program. The proposed Department of Rural Affairs should also conduct a study of the program to assess the potential of expanding the size of loans that the program makes available.

In many rural communities, credit unions are a key partner in the Community Futures program. Scott Merrifield, Director of Policy, Planning and Coordination at FedNor, noted that, although the volunteers who work for the Community Futures program decide who gets what loans, FedNor and rural credit unions provide the actual loan money, FedNor covering a portion of what the credit union might lose in the event of a default on the loan: “Through that, we get basically \$5 of capital invested by the credit union for every dollar we put up. The experience to date on the program with the credit unions in Northern Ontario is 87 loans with a value of \$10.1 million, and it has been in existence for six years.” (*Evidence*, May 31, 2007) According to Louise Paquette of FedNor, this

strategy has been more successful with credit unions than with other financial institutions:

We have tried it with other financial institutions but the problem is the exodus of these financial institutions from rural communities. That is why the Community Futures Program, with coverage right across Ontario and all rural communities, works. We have people out there who can put a finger on the pulse of what is happening in the regions. If there are businesses that we want to help, we prefer to use that vehicle because of that relationship. We have tried with many financial institutions but the credit unions have been our best experience. It is difficult with the banks.

– *Evidence*, May 31, 2007

Sean St. George of the Red Ochre Regional Board pointed to similar problems in obtaining credit faced by small businesses in his area of Newfoundland: “In the United States, the Banking Act requires banks to do small business loans in rural areas. In our area, our business people are struggling to get access to capital. Ms. Kennedy and I, in our capacity as volunteers and on the Regional Economic Development Board, we have seen business people struggle to get access to capital.” (*Evidence*, February 19, 2007)

As this evidence suggests, the credit union movement has long played an important role in rural Canada, filling gaps left by the mainstream banking system. For example, Pam Skotnitsky, Associate Vice-president of Government affairs at the Credit Union Central of Saskatchewan, told the committee that, in her province, more than 50% of the population are credit union members. Credit union services in the province are delivered through 316 locations in 274 communities, of which 264 are in rural parts of the province. In 160 of these communities, the credit union is the only financial institution. In the agricultural sector, Saskatchewan’s credit unions finance 27.5% of all outstanding farm debt in the province. Ms. Skotnitsky also told the committee that in its surveys of small and medium-sized businesses the Canadian Federation of Independent Business (CFIB) has found that its members give credit unions top ranking amongst financial service providers with respect to “levels of satisfaction of service, loan availability and fees” (*Evidence*, April 26, 2007).

The Saskatchewan credit union movement is active outside of the financial services sector as well. According to Ms. Skotnitsky, it actively engages in community economic

development work and supports the co-operative movement by, in some cases, providing office space, mentorship, training and financial support.

That said, there are some worrying trends, especially in rural areas. First, because of rising information technology costs, more and more credit unions have been forced to merge, putting some pressure on rural locations. Second, as Ms. Skotnitsky told the committee, while the credit union is committed to rural Canada, “slowly we are seeing some of those communities no longer able to sustain their branch locations” (*Evidence*, April 26, 2007). One short- to medium-term solution, she said, might be to

expand the number of services provided through each of the community locations. We have been working with our provincial government to see the reduction of the barriers on insurance delivery, because that would enable us to combine banking and insurance services. In some of those rural locations, if we can deliver more services, the economics might be there to maintain those services — not indefinitely but for a longer period of time. As communities are reducing in size, there will be instances where the credit union is no longer viable if there is not enough business. It is a reality, unfortunately.

– *Evidence*, April 26, 2007

The committee believes that the federal government should explore ways it might help the credit union movement maintain and possibly expand its rural service locations.

RECOMMENDATION 13-4: The committee recommends that the proposed Department of Rural Affairs explore ways in which the federal government might help the credit union movement retain and possibly expand rural credit union locations.

Succession Planning, Venture Capital and Cooperatives

One often overlooked consequence of the aging of rural populations is the issue of small-business succession planning. Many rural communities with stagnant or declining populations face the prospect of losing core businesses such as corner stores and gas stations. In her presentation to the committee, Johanne Béchar, Director General of Policy and Programs at CED-Q, told the committee that addressing succession planning is part of the agency’s broader long-term strategy of helping to diversify economies in slow-growth areas and improve the competitiveness of small and medium-sized businesses.

In Quebec, 98 per cent of all businesses are SMEs. They account for approximately two thirds of all jobs. According to the Canadian Federation of Independent Business, more than 40 per cent of Quebec's entrepreneurs will retire within the next five years. Without a structured succession plan, we will inevitably witness the closure of countless well-established businesses in our communities.

– *Evidence*, May 17, 2007

To that end, CED-Q has created a pilot project venture-capital fund called the Capital Fund for Business Succession. The fund will be administered by Community Futures Development Corporations (CFDCs) and Business Development Centres (BDCs) and will be available to interested parties, such as employees or an entrepreneur's children or any others who might want to purchase a business that would otherwise be closed for want of a buyer. According to Stéfane Dufour, the overriding objective is to ensure "that the enterprise remains in the rural areas where it was" (*Evidence*, May 17, 2007).

The venture-capital fund also addresses a major rural-urban imbalance, namely that, according to Johanne Bédard, only 4% of all venture capital in Quebec is invested outside the major urban centres of Montréal, Québec and Gatineau. With the help of an initial \$8 million from CED-Q, Ms. Bécharard told the committee, the Capital Fund for Business Succession has some \$30 million available to entrepreneurs who want to purchase an existing business outside of the province's major metropolitan areas.

At a separate hearing, Carol Hunter of the CCA described a different model for achieving the same objective sought by CED-Q – namely, keeping small business in rural Canada. She told the committee that the looming retirement of many rural business owners will have a "quite profound" impact on rural and remote areas of the country and that her organization is taking steps to address this looming problem:

CCA, in partnership with a number of other cooperatives across the country, is working to develop cooperative solutions to the impending business succession crisis in rural areas with the support of funding from the Co-operative Development Initiative. Building upon research undertaken by the Canadian Worker Co-op Federation and resources developed by the Fédération des coopératives de développement régional du Québec as well as work undertaken in the United Kingdom by the Plunkett Foundation, the partners will develop approaches and tools to advise small, rural business owners considering retirement as well as community or employee groups who are interested in taking on the businesses. The project will prepare case examples of successful business

transfers to the cooperative model. In addition, the partners will put in place a "watch system" with other stakeholders, such as chambers of commerce, municipal or regional economic development officers, accounting and legal firms, to identify businesses considering the transferring of ownership to alert them to the cooperative or community-owned model.

This project has huge potential to provide lasting benefits to rural communities across Canada. Alongside the development and promotion of tools, resources and advisory services, as a response to the growing concerns over the traditional business ownership models in rural communities, this project also has the scope to develop new models of cooperative working. This type of response of economic self-help solutions to problems in rural and urban areas is not unusual in the co-op sector. The opportunity to develop new models can be evidenced by the growth in rural parts of the United Kingdom where community-owned stores are being bought out by the community. Despite the increasing decline of retail services in rural areas and in the U.K. — over 70 per cent of rural communities do not have a general store — more than 200 community-owned cooperative general stores, pubs, petrol stations and manufacturing businesses have been established as a response to the number of traditional store owners and small business owners seeking to close their businesses.

This phenomenon of community ownership has only taken place in the past 15 years. Research conducted in the U.K. found that the average community-owned store in England has over 110 members, a turnover of over \$160,000 and is profitable. These stores engage 25 volunteers on average, strengthening the community and social bonds within the rural communities and employ 1.5 full-time equivalent staff. The potential to develop new models of cooperative and community ownership in Canada, as a response to the growing challenge of many businesses transferring ownership in the next five years, is a very profound and exciting opportunity.

– *Evidence*, April 26, 2007

The committee believes that both the CED-Q and CCA initiatives could be important for the long-term well-being of rural Canada. The CED-Q pilot project should, for example, be expanded to other areas of the country if it proves its worth in Quebec. The federal government should also explore ways it might help develop the use of a cooperative approach to address small-business succession planning in rural Canada.

RECOMMENDATION 13-5: The committee recommends that, conditional upon a review of CED-Q's succession planning pilot project, the federal government expand this concept to its other regional development agencies. The committee further recommends that the federal government explore ways of helping the cooperative sector develop and expand its succession planning project.

Helping the Cooperative Sector Help Rural Canada

The [co-op] movement grew out of rural areas in Canada. From the growth of consumer co-ops in Western Canada in the first decades of the century to the work of Moses Coady and the Antigonish movement in the Maritimes, co-ops have always been connected to rural development in Canada. They grew out of the striving of farmers, fisher folk and rural residents to use their collective strength — again, this is the working in formation — to achieve a better economic situation by building democratic economic instruments, with one member, one vote, where co-ops are owned locally and profits are shared and kept in the community. Moses Coady, who was a priest in the Antigonish movement, often said, ‘You are poor enough to want it and smart enough to do it.’

– Carol Hunter, Executive Director, Canadian Co-operative Association,
Evidence, April 26, 2007

The discussion so far has shown how the cooperative approach, whether embodied in the social economy movement or in lending circles, credit unions or even proposals to use cooperatives for small-business succession planning, plays a vital role in rural Canada. It is a movement born of and for rural Canada that continues to prove its worth today. Carol Hunter of the CCA gave further evidence of the importance of the cooperative movement for rural Canada by explaining its role in food distribution in Saskatchewan:

The Co-operative Retailing System started in rural Western Canada and it has since expanded into some of the major urban areas of those regions. The co-op system has, however, remained very involved and supportive of rural communities, especially in Saskatchewan. In Federated Co-operatives Limited’s District 8 region, for example, which includes the cities of Regina and Yorkton, there are cooperatives in 40 rural communities. In 18 of these communities, the co-op is the only food store. In most cases, these co-ops are too small to be particularly viable, but, because they are part of the larger retail system, they are able to continue operating. The system not only acts as their supplier but also provides management and operational assistance at no charge. As members of Federated Co-operatives Limited, they are able to share in the profits of the wholesale and the manufacturing arm of FCL. In a similar number of communities, the retail co-ops are the only lumber, agro or farm supply business providing local services to their customers as well as providing support to the community. It is this cooperative system that can help prevent the cycle of decline and, finally, the extinction of our rural communities.

– *Evidence*, April 26, 2007

At the federal level, the major champion of the cooperative movement is found in what is called the Co-operatives Secretariat, which funds a five-year initiative called the Co-operative Development Initiative, or CDI. Like the Rural Secretariat and the Canadian Rural Partnership, the Co-operatives Secretariat, through the CDI, has been able to accomplish a lot with a little, i.e., its \$1 million annual budget. As is the case for the Rural Secretariat, long-term funding for the Co-operatives Secretariat and the CDI expired at the end of March 2008, with the 2008-09 estimates showing additional funding for only one year going forward. In her presentation to the committee, Carol Hunter recommended that funding for the Co-operative Development Initiative be extended and strengthened. The committee agrees.

RECOMMENDATION 13-6: The committee recommends that the federal government provide stable, long-term funding to the Co-operatives Secretariat and the Co-operative Development Initiative.

Conclusion: Small Businesses, Co-Ops And Branding Strategies

Cooperatives, because they teach people how to fish rather than simply giving people fish to eat, are one of the best ways of dealing with the preservation of rural Canada and the menace of rural poverty.

– Carol Hunter, Executive Director, Canadian Co-operative Association,
Evidence, April 26, 2007

Rural Canadians have long complained about the tendency for resource wealth to flow steadily into urban areas and about the corresponding lack of reinvestment from urban sources (businesses and governments) into rural parts of the country. Until relatively recently, however, rural Canadians could at least comfort themselves with the knowledge that jobs were relatively abundant, wages relatively decent and communities relatively secure in their financial stability. With a now well-established trend toward bigger farms and increasingly capital-intensive forestry, fisheries and mining sectors, the resource-based production that has long been the bread and butter of rural Canada no longer holds the potential that it once did to directly generate jobs or rural incomes. Consequently, as demand for resources increases, it threatens to make rural Canada simply a place where resources are extracted to feed cities and less a place to build communities.

In the new rural economy of the 21st century, the challenge is and will be to think more creatively about ways of repatriating this wealth in a way that goes beyond merely appealing to provincial and federal governments to reinvest in a rural Canada that, in any case, has diminishing political clout. In his presentation to the committee, Dr. Apedaile suggested that one strategy to repatriate this wealth would be for rural Canada to more self-consciously brand itself as a place known for its artisanal production, where work quality, environmental integrity, craftsmanship, and the cooperative principle reflect guiding values – the same values that are often identified with small businesses, social economy enterprises, credit unions and cooperatives.

Rural Canada, in other words, has the potential to change its diminished brand, to leverage its traditional association with food production, trees, environmentally pure spaces and hard-working men and women and cement this association into a brand that would earn it the same kind of gains long extracted by urban Canada from rural Canada's resource sector. To illustrate what this might look like, the committee closes this chapter on an optimistic note, with Dr. Apedaile's description of how some Japanese cooperatives leveraged precisely these attributes to reinvigorate a rural area:

The French and the Europeans in general have embarked on many ingenious ways to add value from metropolitan marketplaces and bring it back into the rural areas. I looked at a similar tactic in Japan, where I have taught and done some research, in the Lake Kasumigaura area northeast of Tokyo. In that area, they used to produce a small fish like a smelt, which they would dry in the sun and sell in Tokyo. They caught this fish with nets drawn by boats with big white sails, and the wind would catch these boats and pull them sideways across the lake pulling the nets. As industrial development grew around this lake, and the lake became polluted, it died. They decided they had to do something about this and they have revitalized the lake. It is now ecologically healthy and they have introduced what they call their "white sail brand." Everything that is sold in the Tokyo area bears the brand name, and even the trains going from Tokyo station out to that area have white sails on the cars. The white sail brand fish in Tokyo sells for twice the price of the same fish produced anywhere else and that value goes into the cooperative. That is the way they organize the business for the white sail brand on fish, but the white sail brand applies to a whole bunch of rural products that they produce out there that are identified with the lake. Of course, as you know, Japanese agriculture is very fertilizer intensive, so part of the recovery of the lake meant that farmers had to back off on their fertilizer applications. In doing that,

they have a brand for everything they produce, the white sail brand, and they get far more from the market, everything from these fish to lotus roots.

– *Evidence*, November 9, 2006

CHAPTER 14: REVITALIZING THE RURAL VOLUNTEER SECTOR

In many urban environments, fire and police protection is assumed, as is appropriate and available child care. Convenient transportation methods and routes are a given. Health care providers are located around the corner and many times available 24 hours per day. Schools are located in most neighbourhoods and those students that must be bussed typically have less than a 30-minute ride. In rural environments, we volunteer to man our local fire departments, and in terms of a police presence, that may be every couple of weeks, if we are lucky. In rural regions, we form neighbourhood and rural watch committees and are utilizing the Block Parent Program in record numbers, while that same programming in urban environments is going by the wayside. Health care providers may make a weekly visit, but more often we find ourselves organizing volunteers to make a trip to a community 30 miles to 60 miles away so our local residents, who are not able to drive, can see their doctor. Schools in rural communities are under review and many parents face a difficult decision in terms of bus times as they consider options such as home schooling.

– Dianne Olchowski, Chief Executive Officer, Community Futures Sagehill,
Evidence, March 8, 2007

Witnesses told the committee that rural Canada's volunteer sector is vital to rural life but also under tremendous stress as a result of rural depopulation, economic decline and a deep inequity between rural and urban non-profit resources. If the rural volunteer sector goes, so to do dozens of important and essential services, including:

- fire departments and other vital emergency services such as search-and-rescue teams in the mining and fisheries sectors;²⁸⁹
- literacy services for rural youth;
- theatre, music, and other extra-curricular school activities;
- cultural activities for the broader community such as theatre, music and movies;
- education programs tailored to rural needs such as the “maison familiale rurale” concept discussed in Chapter 8;
- immigration recruitment services such as the Carrefour d'immigration rurale in St. Leonard, New Brunswick discussed in Chapter 11;
- community festivities such as the Lumberjack Festival in Kapuskasing, Ontario, which are often vital to the tourism industry;
- in-home hospice services for people with terminal illnesses;
- travel services for the ill or infirm to distant urban hospitals for medical appointments;

²⁸⁹ According to the Canadian Association of Fire Chiefs, some 78.1% of all firefighting personnel in Canada are volunteers; fully 91.2% of all fire fighting departments are volunteer departments. Canadian Association of Fire Chiefs, 14 August 2007, “Safety: The Inalienable Right of Canadians, Pre-Budget Submission to the Standing Committee on Finance.”

- visits to the infirm and to shut-ins in isolated rural areas;
- rural help and distress lines;
- soup kitchens and food banks;
- community meals for low-income residents;
- fundraising for needed infrastructure projects or community activities;
- services such as Meals-on-Wheels;
- social clubs for youth, such as 4-H, Scouts, and Girl Guides, which teach valuable lessons to youth and help them become the leaders of tomorrow;
- coaching for local hockey teams and other sports.

The rest of this chapter outlines in more detail some of the challenges faced by the rural volunteer sector in Canada and considers policy approaches that might help to overcome them.

The importance of rural volunteers and rural leadership

Like many other Prairie communities, the small farming town of Warner, Alberta, about 68 kilometres southeast of Lethbridge, is struggling to survive in an era of farm consolidation and urbanization. In 2006, Warner had 307 residents, a 19% decline from the 379 people who lived there in 2001 and a 27% decline from the 421 people who lived there in 1996.

However, Warner is also home to the Warner Hockey School (WHS), a one-of-a-kind all-girls hockey school that opened in the fall of 2003 and now draws gifted female hockey players from across Canada and the United States. As Text Box 14-1 explains in more detail, the WHS was the outcome of a broad volunteer-led effort to take advantage of a recently renovated indoor skating rink and to increase the population at the community's grade 1 to 12 public school. With the influx of students into the WHS, Warner School enjoyed a 16% increase in its student population. The WHS had other benefits, including a steady flow of new income into the community, widespread media interest and the presence of 20 or 30 new residents in the community every year.

Warner is one of many examples of how volunteer-led efforts have been used to sustain and revitalize the economic and social infrastructure of rural Canadian communities.

Text Box 14-1: The Warner Hockey School Story

In 2001, the citizens of Warner realized they had an opportunity and a problem. The *opportunity* was embodied in recently completed renovations to the community's skating rink, itself the outcome of a citizen effort in the 1960s to convert a Quonset-style grain storage facility into a hockey rink. Thanks to the efforts of local volunteers, the Warner Minor Hockey Building Committee raised \$500,000 to modernize the rink and equip it with an NHL-sized ice surface, new boards and glass.

The *problem* was declining enrolment at the local public school. With just 112 students in grades 1 through 12, the Warner School's vice-principal at the time, Mark Lowe, told one reporter that the "writing was on the wall" and there was a very good chance the high school portion of the Warner School would be closed – a crushing blow for a community that had already lost its local agricultural office, community health centre, Catholic and Mormon churches, some grain elevators, a bank and other businesses. As Sandra Nelson, then administrative assistant at Horizon School Division (the local school board) told one reporter, "When the school dies, so does the community."

In the fall of 2001, people from the school and others from the rink renovation group met and established a committee to look into the idea of establishing a hockey school. Originally undecided about whether the school would serve girls or boys, the committee eventually chose to focus on women's hockey because it was perceived as a niche market with few competitors and because women's hockey had come of age thanks to the gold medal win in 2002 by the Canadian Olympic Hockey Team in Salt Lake City – along with recent policy changes in the United States requiring equal funding of women's sports, including hockey.

Some 10,000 hours of volunteer time later, and with significant donations from local residents, including a \$210,000 donation from 98-year-old retired farmer and long-time resident Rome Meisser, the hockey school opened in the fall of 2003. Initially, students were billeted with local families, but in late 2004 the hockey school society purchased the vacant Mormon church for \$21,000. With generous supplies of volunteer labour, the church was converted into a live-in residence for the girls. By 2005, one newspaper report noted that thanks to the hockey school, enrolment at the Warner School had increased to 130 (or about 16% relative to 2001), leading to the hiring of 2 extra teachers, an office assistant, food services personnel (for the girls' residence), assistant coaching posts and a dormitory manager.

Tuition at the Warner Hockey School is about \$15,000 a year (2006 amount) and is used to cover the cost of room and board, coaching, and other services designed to allow young women to train as elite athletes while completing a high school education. A typical day begins at 7:30 a.m. with on-ice practice. Players attend class until 3:30 pm, after which they attend a second session, comprised of dry-land training, power skating, skill development, team building, video analysis and academic tutoring assistance. Players are on ice a minimum of six days a week, including practices and games.

In its first two years of operation, Warner welcomed students from across Canada and as far away as the United States and Europe and graduated 20 students from the high school, of which 19 ended up playing at Canadian universities and top US college hockey college programs in, for example, North Dakota and Maine. According to newspaper reports, the school has a waiting list of more than a dozen girls.

Looking to the future, the community has a 20-year plan to attract 350 students and branch out into other sports, including possibly soccer, football and track-and-field. The new activities could generate \$1 million in annual economic activity and help make this small prairie town bloom again.

Sources:

- Diane Rogers, "Town hopes to score with girls' hockey," *Farm Living*, 15 August 2002.
- Caroline Boschman, "Warner girls' hockey school closer to becoming reality," *Lethbridge Herald*, n.d.
- Ric Swihart, "Girls hockey helps Warner win big," *Prairie Post*, n.d.

- “The Warner Community Hockey Society is keeping the village alive and well,” *Lethbridge Living*, Winter 2004.
- Shelly Knapp, “Warner school keys on hockey’s fine points,” *Calgary Herald*, 18 February 2004.
- Ric Swihart, “Rome Meisser has helped build Warner through his generosity,” *Lethbridge Herald*, 25 February 2004.
- Diane Mackenzie, “Welcome to Hockey Town, Alberta,” *Our Canada*, March–April 2004.
- Stacy O’Brien, “Residence will give students a home away from home,” *Lethbridge Herald*, 25 October 2004.
- Rebecca Dika, “Saving rural schools: Sixty-five kilometres south of Lethbridge lies the small town of Warner and what’s been done here may become the model for other small rural schools,” *The Alberta Express*, May 2005.
- Graeme Morton, “Girls’ hockey school revives fading village,” *Calgary Herald*, 4 February 2006.
- Trevor Kenney, “Warner bids to be Hockeyville,” *Lethbridge Herald*, 30 January 30 2007.

To take another example, in many rural communities volunteers help to support tourism by organizing and staffing events that generate important economic and social benefits. Ishbel Munro, Executive Director of the Coastal Communities Network, told the committee how the small town of Canso, Nova Scotia (2006 population 911, down 8.2% from 2001), puts on the annual Stan Rogers Folk Festival and uses this same volunteer base to devise and implement other economic development strategies:

There are 900 people in the community who attend the festival and 600 people who volunteer. Everybody becomes involved in task teams, where they look creatively at how to diversify their community. Canso is the place where messages about the war, the Titanic and all sorts of things first came. They are using their initiative. For example, the community has brought a call centre to the area that provides 25 to 30 additional jobs. Many of those positions are occupied by single mothers. It is a humane call-centre set-up. It indicates huge initiative. Effective leadership is key in terms of how to solve problems in rural Nova Scotia or rural Canada, for that matter. You can see the difference between communities that have that kind of leadership and vision, and communities that do not have it. We need to look for opportunities to nurture and help build the capacity and skills of those leaders and provide them with support. That is certainly something that Coastal Communities Network tries to do as well.

– *Evidence*, February 15, 2007

Similarly, in Kapuskasing, Ontario, volunteers work year-round to plan the community’s Lumberjack Heritage Festival, a major tourism event for the otherwise forestry-dependent community. According to Laurier Guillemette, who appeared as an individual at the committee’s hearing in this northern Ontario community: “We have

many activities in our own town. Our lumberjack festival is a good example. It requires approximately 400 volunteers a year to put on this event” (Evidence, June 1, 2007).

In most rural communities, volunteers play key roles in formal community economic development (CED) planning. In her presentation to the committee, Ardath Paxton Mann, Assistant Deputy Minister in British Columbia for Western Economic Diversification Canada, reminded the committee that the success of the Community Futures program depends on the availability of qualified and dedicated volunteers: “Community volunteers who understand social issues and recognize opportunities are a key factor in the success of the CFs. In 2005-06, CFs engaged over 2,500 community-based volunteers, including board members, who provided over 86,000 volunteer hours.” (Evidence, March 1, 2007) Louise Paquette, director general of FedNor, also stressed the importance of volunteers for the Community Futures program: “This program’s most treasured asset is its volunteers. We have over 600 volunteers in Ontario who sit on individual boards of directors. Quite honestly, without the volunteers, this program would not have a hope in hell of surviving. In Ontario, we value and nurture our relationship with them.” (Evidence, May 31, 2007)

Volunteers also provide many essential social services. The committee heard from witnesses representing food banks across the country who insisted on the vital role played by volunteers. Dianne Swinemar, Executive Director of Feed Nova Scotia, said for example that: “I have a staff of 30 and a volunteer team of 600. We could not manage without volunteers” (Evidence, February 6, 2007). Judie Gushue, Past President of the Food Bank Network in Newfoundland and Labrador, echoed this sentiment, noting: “We have a full-time coordinator and hundreds of dedicated volunteers; and if it is possible to have a 150 per cent of community support, then we have it and have had for many years.” (Evidence, February 19, 2007)

In agricultural regions, local farmers sometimes donate food or maintain community gardens to supply local food banks. Karen Dykens, a volunteer at the Colchester Food Bank Association in Nova Scotia, shared one such example with the committee, but also noted that these services are in jeopardy: “Our local farmers have been generous in providing fruit and vegetables. However, one of our clubs, the Old Men’s Farm Men

Club, grows a garden for us and we are slowly losing those members. That means the produce we can give to our clients is slowly dwindling.” (*Evidence*, February 23, 2007)

Text Box 14-2: A Greenhouse in Every Community? The Inspiring Story of the Iqaluit Greenhouse

In the spring of 2006, a group of residents of Iqaluit got together and raised \$170,000 to build, improbably, a greenhouse. By the end of October, the greenhouse was ready to begin operation, although in practice the greenhouse can only currently operate, at best, from late spring to early fall. According to John Lamb, president of the Iqaluit Greenhouse Society,

(t)he greenhouse has never been intended as a club for local gardening enthusiasts or southerners who miss their gardens back home. From the beginning, we viewed this project as a way to contribute to community wellness in Iqaluit. We have a growing population here. As mentioned earlier, this is a fast growing place, with very few recreational facilities, and a lot of what is around for people is not very healthy. You know all the stuff that there is that young people get into. We felt that a greenhouse would be something that would provide people in Iqaluit with a healthy alternative, something good to get involved in. So that was really the central motivating purpose of the greenhouse project.

So far, the Iqaluit greenhouse seems on-target to achieving its goal. During its first season, Mr. Lamb says “there was way more demand for participation than we could possibly accommodate, so we are looking to expand it.”

In addition to contributing to “community wellness,” Mr. Lamb says the Greenhouse generates a number of other fringe benefits. First, and most obviously, the greenhouse provides the community with some locally-grown fresh fruit and vegetables. Second, the Greenhouse contributes to Nunavut’s self-reliance: “I think in this context of the old saying, if you want to help a hungry man, you do not give him a fish, you give him a fishing rod, I look at the greenhouse a little bit like that.” Third, and perhaps most importantly, the Greenhouse could eventually contribute to the Nunavut economy, much as the Inuvik greenhouse in Northern Québec commercially produces herbal plants and markets them.

Looking towards the near future, Mr. Lamb hopes to show how an expanded, mid-size greenhouse (double the size of the current greenhouse) can operate efficiently in the North and can produce a substantial quantity of food:

Ultimately, I would like to see a greenhouse in every community in Nunavut. The amount of food that it can produce here in Iqaluit is probably only a drop in the bucket in a community of 6,000 going on to 7,000 people. Most of the communities in the North are a lot smaller than that. A greenhouse the size of the one in the picture here could be producing a significant part of people’s fresh fruit requirements during the growing season. It could reduce the amount of food that needs to be imported, and for the first time, give people in the North a taste of what fresh vegetables really taste like.

To achieve this vision, Mr. Lamb told the Committee that the Greenhouse Society will have to look beyond Iqaluit or Nunavut for funding because

trying to raise money in Nunavut is like trying to raise money in Bangladesh. It is a poor jurisdiction relatively. There are no foundations here. Companies, like Canadian North, First Air, you name it, are all getting hit up all the time by everybody, and they are extremely generous, but really, it is hard to see where you go.

So far, the Iqaluit Greenhouse Society has been unsuccessful in its attempts to secure much in the way of outside funding from places like the Department of Indian and Northern Affairs “because their funding programs are too narrow.” Still, the goal is worth pursuing according to Mr. Lamb:

Some people might ask, when Nunavut has so many infrastructure needs, roads, sewage lagoons, housing, schools, how can we possibly justify putting a couple of hundred thousand dollars into something like a greenhouse. Yes, there are choices to be made. It reminds me of the old song: In addition to bread, people need roses too. In addition to the basics for survival, people need things in their lives that speak of beauty and hope, things that make them feel good.

Source: John Lang, testimony before the Senate Standing Committee on Agriculture and Forestry, Iqaluit, February 21, 2008.

In his presentation, Spencer Heslep, program coordinator of the Side Door Youth Centre in Yellowknife stressed the importance of the entire community's role in helping inculcate strong, positive values in youth, especially those may have fallen into the gang and drug lifestyle:

I believe funding is important, but I also believe that as a society, we have become selfish in that it is very easy to say the government, the government, the government. I am not negating what my colleagues are saying about the importance of government involvement, but I want to stress this point. Without the community's involvement as a whole, we cannot change the situation. Money is not the only answer. We need social involvement and we need people who are willing to stand up and address our local brothers and sisters within this community and say it is not something that we can push off. These issues are real and we need to come together as a whole and provide not just money, but our own personal time to address these issues so that we can see changed lives.

– *Evidence*, February 19, 2008

Volunteer activities are also important in fostering active lifestyles, especially among young people. In hundreds of small towns across the country, volunteers serve as coaches for hockey teams and other sporting activities that are a crucial element in any broad-based strategy to combat childhood obesity. According to Paul Carson, director of development at Hockey Canada, there are for example some 103,000 registered volunteer coaches working under the auspices of Hockey Canada alone, many of whom are in rural Canada:

The bigger picture on facilities is expressed in a quote from Andrew Pipe from the University of Ottawa Heart Institute: “It is essential that we address the shortcomings of our present sport, physical activity and recreation infrastructure if we are to have any hope of addressing the tsunami of health issues which will wash over our society unless we become more active.” Ultimately, we must decide if this is a strong enough plea to support the active lifestyle to encourage more active and fit Canadians.

– *Evidence*, May 29, 2007

Benefits to youth also include the enhancement of educational facilities and enhanced educational opportunities. Marie Logan, President of the Canadian 4-H Council, explained how in her village of Lomond, Alberta (2006 population 175, up from 171 in 2001), volunteer-run events help to finance projects such as a new gymnasium at the local school. The volunteer-run 4-H club, to which “most of the village children” belong, generates long-term educational benefits. According to Ms. Logan, an Ipsos-Reid study

found that 4-H members tend to “go on to post-secondary education of some kind, usually give back to the community and end up in a higher income bracket than the average citizen” (*Evidence*, May 8, 2007).

Statistical Evidence

Statistical evidence supports what the committee heard anecdotally, namely that rural residents are more actively engaged than their urban counterparts in formal volunteer activities, and that these activities often differ in important respects from those typical of urban areas. A 2001 study for example found that the proportion of people engaged in formal volunteer activities was highest in rural communities and declined in inverse proportion to community size:²⁹⁰ in 1997, some 37% of people residing in rural and small-town Canada had engaged in formal volunteer activities, compared with only 29% in urban Canada.²⁹¹ A more recent study found that rural charities in Ontario tended to concentrate more of their activities than their urban counterparts in what the Canada Revenue Agency (CRA) calls “other community benefits,” namely “agricultural societies, animal protection organizations, community halls, libraries and volunteer fire departments.”²⁹²

Among rural Canada’s volunteer pool, faith-based organizations often play a central role. Irene Selkirk, an administrator at Loaves and Fishes, a non-profit restaurant in Brockville, Ontario, told the committee that “the churches are great supporters and most of our 300 volunteers come from those local churches. [...] They are a great support to us in every aspect of our operation. Without the churches and the volunteers, it would be difficult to keep going.” (*Evidence*, March 30, 2007) In her presentation, Reverend Christine O’Reilly, Minister, Knox Presbyterian Church, Thedford and Watford, Ontario, also stressed the importance of churches in the volunteer movement: “It is interesting that hardly a month goes by without my getting a letter from one of those organizations,

²⁹⁰ Paul B. Reed and L. Kevin Selbee, Winter 2001, “Volunteering and Giving: A Regional Perspective,” *Canadian Social Trends*, Statistics Canada Catalogue No. 11-008, p. 17.

²⁹¹ *Ibid.*

²⁹² Cathy Barr, Larry McKeown, Katie Davidman, David McIver, David Lasby, 2004, “The Rural Charitable Sector Research Initiative: A Portrait of the Nonprofit and Voluntary Sector in Rural Ontario,” Canadian Centre for Philanthropy, prepared for the Foundation of Rural Living, p. 26, available at: http://www.frl.on.ca/frl/Rural_Report_Final.pdf

saying, ‘Can you advertise that we need volunteers?’ The organizations themselves know that churches are probably one of the best places to find volunteers.” (*Evidence*, June 7, 2007) Reverend O’Reilly later added that:

In each of the congregations, members live out their faith as volunteer cancer patient drivers, shut-in and retirement home visitors, Meals on Wheels drivers, caring quilters groups, afterschool children’s program leaders, school council representatives, volunteer firefighters, leaders of events that assist children with autism, friendship visits with lonely seniors still in their own homes, volunteer workers with victims’ services, leaders of cancer fundraising events, coaches for hockey and soccer teams, volunteers with Communities in Bloom and take on keeping a stretch of public road clean and litter-free. Churches often band together to offer a vacation program for children in communities where recreational programs are few and far between or are purely sports oriented, which involves both expense and athletic interest and aptitude.

– *Evidence*, June 7, 2007

Empirical research bears out what Reverend O’Reilly told the committee. A 1987 study found that, in comparison with people who were not involved in volunteer work, volunteers in rural areas were “more likely to consider themselves religious (70% compared to 61%); volunteer for a religious organization (21% compared to 15%); and be motivated to volunteer out of a sense of religious obligation (28% compared to 20%).”²⁹³ A more recent study found that “[c]harities in rural areas were more likely than their urban counterparts to report that they engage in religious endeavours (59% vs. 40%).”²⁹⁴

Finally, the evidence suggests that rural residents are more likely to make donations to charities and non-profit organizations than urban residents, although the average donation amount tends to be somewhat lower: in 2000, some 85% of rural Ontario residents made some kind of donation versus 76% of urban residents; the average donation in rural Ontario was \$280, versus \$322 in urban Ontario.²⁹⁵

²⁹³ Cathy Barr *et al*, *op cit*, p. 11.

²⁹⁴ *Ibid.*, p. 26.

²⁹⁵ *Ibid*, p. 17.

Rural Volunteers: Nearing The Breaking Point

For very small communities of 100 to 400 people it is more difficult to find ways to diversify [their economy]. The volunteers are getting older and they are getting tired because they are the same people year after year, given that no natural replacements are moving to town.

– Donna Mitchell, Executive Director,
Rural and Co-operatives Secretariats, Agriculture and Agri-Food Canada,
Evidence, October 17, 2006

...in 1996 we had approximately 26,000 people on our northern peninsula. We have 12,000 – according to Statistics Canada – in our labour market, which would be 12,000 people 15 years of age and older, up to approximately 65 years of age. When I recently did the statistics again after the 2001 statistics, we had dropped 50 per cent. When we lost 6,000 people on our coast, they were 6,000 people that were working. Therefore, our labour market actually decreased by approximately 50 per cent. What challenges has that presented for rural poverty? Our town councils are having trouble getting volunteers.

– Sean St. George, Executive Director, RED Ochre Regional Board Inc.
(Regional Economic Development Board),
Evidence, February 19, 2007

There used to be a working class, and they were considered people who were burned out by work. Today, the problem is that volunteers are the ones who are burned out by work.

– David Couturier, manager, Atelier R.A.D.O.,
Evidence, February 21, 2007

Organizations that assist others in the community are dying out. For the volunteers that help, the reality is that the only way they stop volunteering is to move or die. The same people belong to two or more organizations in the small town or village. The help in small towns is becoming less.

– Darlene Wicks, President Elect, Alberta Women's Institutes,
Evidence, March 6, 2007

Small rural communities have a strong sense of survival and belonging and rely on volunteers to get things done. However, because of our small population, our volunteers are becoming tired and exhausted.

– Laurier Guillemette, appearing as an individual in Kapuskasing, Ontario,
Evidence, June 1, 2007

Many organizations are shrinking because we are losing our population of volunteers, who may range in age from 65 to 85 years. Younger volunteers are not signing up as quickly because they are busy driving their children to different activities.

– Louise Thomson, Placement Coordinator, Sensenbrenner Hospital,
Evidence, June 1, 2007

The committee heard a considerable volume of evidence that rural depopulation and economic decline are putting increased stress on an aging, exhausted, and depleted rural volunteer base and, in so doing, threatening to erode or erase many of the services rural Canadians need and want. For example, Dianne Swinemar of Feed Nova Scotia told the committee that

we are finding in rural Nova Scotia that the age of the volunteers running the agencies that we have been supporting is climbing. This year, a food bank had to shut down because the volunteers who had been running it for about 15 years were too old to continue running it, and there was no one in the community who could take over and run this organization. Now people are having to go to the next town for support. That, too, is typical of rural communities where the population is aging and their support systems are diminishing.

– *Evidence*, February 6, 2007

Catherine O’Bryan, Executive Director of the PEI Literacy Alliance, explained to the committee how literacy services in rural Prince Edward Island are often unavailable for similar reasons and noted that “young people are not attracted to the organization to relieve the older volunteers of the work of tutoring.” (*Evidence*, February 20, 2007)

Colleen Kennedy, Executive Director of the Gros Morne Co-operating Association, told the committee that the volunteer problem in her part of Newfoundland and Labrador goes beyond rural depopulation and economic decline. It also relates to difficulties in finding people with the right skill sets and educational abilities, especially for volunteer efforts related to economic development:

We have exhausted our volunteer system. We have been operating on a volunteer system now for, I would say, 10 to 12 years. I sit on approximately 12 to 14 boards and out of those, I know at least 50 to 60 per cent of the board members from other boards. It is hard to get new faces into the volunteer system. Also, when it is economic, we can get some interest, but we require a certain expertise

to help move our agenda forward. That becomes a challenge. It is not just a matter of getting a warm body with a heartbeat.

– *Evidence*, February 19, 2007

Catherine McAleer, Member, PEI Advisory Council on the Status of Women, told the committee that women in particular have always played a vital role in the volunteer sector and that is true even today, when many hold down full-time jobs:

Traditionally, Prince Edward Islanders in rural areas have been shielded from some of the most serious and harmful effects of poverty by formal and informal volunteerism. Women’s unpaid work, at home and in the community, drives both the formal and informal structures of the social infrastructure. I organized a fundraiser in the rural community where I live. There are 125 families at the school. I phoned all of them and 118 had both parents working. That says a lot about the changes that have happened over the years. Many years ago, at least one parent was home. The seven who did not work in a formal work setting volunteered full time. Ultimately, for this fundraiser and for the evening that I needed help, 15 people showed up. They were all women. Not to be gender biased but, again, it is women who really push through the fabric. We see women volunteering just as much even though they are now working.

– *Evidence*, February 20, 2007

Bill Casey, member of Parliament for Cumberland-Colchester, Nova Scotia, reminded the committee that in some communities the volunteer shortage is undermining essential services such as firefighting: “I see farmers and fishermen, as many other presenters have mentioned, men who are going out West to work in the oil fields to make money to buy groceries for the family. In fact, very close to here there is a volunteer fire chief who has left home, left his community and gone out West to earn a living to help pay for the family. That is a loss to the community when the fire chief goes.” (*Evidence*, February 23, 2007)

In Chapter 12, this report discussed the shortage of health care and first-responder professionals in rural Canada. This situation has repercussions beyond the paid services they provide, for professionals are often core members of rural volunteer teams.²⁹⁶ Dr. Denise Bowes, appearing as an individual, noted at the committee’s hearings in Athens, Ontario that “as we lose professionals in rural communities, we lose advocates for the

²⁹⁶ In Cathy Barr *et al* (*op cit*, p. 20), the authors find that “rural Ontarians with a university degree volunteered at a much higher rate (50%) than did their urban counterparts (36%).”

people who need us. It also results in a smaller number of people who can take on leadership roles. We see this much in this community where our volunteers are getting older and older. In one organization, our entire work crew is now over 70 years and no one is coming to replace those people.” (*Evidence*, March 30, 2007)

Measures To Assist Rural Volunteers

The Elks Club, the Legion, the Moose, these organizations are seeing their memberships dwindle. As older members retire or move away from the organizations, there is not the same level of new members joining. In Coaldale, for example, the local Kinsmen Club does a phenomenal job of supporting that community. However, not every community has one of these organizations. The population of the village of Nobleford is 400 residents. They do not have many of these organizations. Everything they do, they do on their own. Their residents are already taxed with their time and their volunteer efforts. There is a gap and somebody needs to fill that gap.

– Mark Fournier, Executive Director, Community Futures Lethbridge region,
Evidence, March 7, 2007

The scant academic literature that exists on the rural volunteer sector corroborates the concerns expressed by witnesses and raises a few others. In a groundbreaking 2004 study of the volunteer sector in rural Ontario, the Canadian Centre for Philanthropy (recently renamed Imagine Canada) and the Foundation for Rural Living found that, in 1999, charities in rural areas accounted for approximately 20% of the total number of charities in the province but only 4% of total charity revenue, a fact that points not to only lower rural incomes but also to the difficulty (in terms of time and expertise) that many rural voluntary organizations have in coping with the application process for funding from governments and charitable foundations.²⁹⁷ The study also found that rural Ontario has proportionately fewer charitable foundations than urban Ontario: only 5% of all charitable organizations in rural Canada were charitable foundations, compared with 13% in urban Canada.²⁹⁸ Other important findings from the study include the following:²⁹⁹

²⁹⁷ Cathy Barr *et al.*, *op cit.* Although the authors of the study tended to use a variant of Statistics Canada’s Rural and Small Town Definition for most of their analysis, the donor figures cited here were calculated using a postal code definition of rural, i.e., rural is any community with a “0” (zero) for the second character of the postal code, as in P0R 1B0. The “0” indicates “no letter carrier.”

²⁹⁸ Charities, which may or may not be incorporated, devote all of their resources to their own activities or activities under their direct control. Foundations, on the other hand, are corporations or trusts created and operated exclusively for charitable purposes. For the most part, foundations fund programs or projects carried out by external agents, while charities carry out their own programs.

- In rural organizations, a small number of volunteers put in longer hours than their urban counterparts, and there are concerns over retaining these volunteers and recruiting new ones.
- Rural voluntary organizations employ fewer full-time staff with specialized skills, have a higher staff turnover than urban charities, and find it more difficult to use their volunteers to their full potential.
- Many rural organizations suffer from an inability to use more effective fundraising methods and to compete effectively for government grants and contracts.
- Rural charitable networks appear to be relatively informal, lacking the technology to establish more effective networks.
- The rural voluntary sector has apparent training needs, particularly in the areas of technology, strategic planning, program evaluation and fundraising.

The key question is: What can the federal government do, in an area that lies outside of its traditional jurisdiction, to help reverse these trends? The committee proposes the following strategic directions.

(a) Increasing Funding: Rural Extension Officers for the Volunteer Sector

[O]ften in rural areas, being able to connect with the right person is important. It would be really wonderful if we had, whether we call it a one-stop information or someplace we could go. Most communities still have a library. If we could go there, we could be pointed in the right direction for the phone number or whatever. It used to be the county seat that would have had the health authority, the district agriculturalist, the home economist, everybody. Now from my area, it is a long-distance phone call somewhere if we can figure out where to call. Many people just never access information because of the difficulty to figure it out. That would also allow government to connect better with small communities. If we had this site, we could find out the answers we needed.

– Marie Logan, past president, Canada 4-H Council,
Evidence, May 8, 2007

The evidence from our witnesses and more formal research shows that the rural volunteer sector is overworked, aging and ill-equipped to handle the bureaucratic burden involved in seeking funding from governments and large, mostly urban-based, foundations. Given increasing demands being placed on the volunteer sector and the

²⁹⁹ Foundation for Rural Living, “A Portrait of the Rural Voluntary and Non-profit Sector: An Expanded Summary,” available at: http://www.frl.on.ca/frl/research_expanded.htm.

opportunities presented by an expected bulge of charitable donations,³⁰⁰ this situation needs to be addressed.

The Foundation for Rural Living, created in 1979 to increase investment in rural Canada's non-profit sector, told the committee about an innovative program called the Rural Development Officer (RDO), which is designed to address some of the traditional weakness of rural organizations. The idea behind the RDO program, which is funded by the Rural Secretariat, is to increase the capacity of rural volunteer and charitable organizations to raise money. In some cases, this might involve sending trained fundraising specialists into rural organizations to help them with their fundraising activities; in other cases it might mean partnering with the Foundation for Rural Living to "build a fund development plan, write a compelling case for support and develop strategies to raise the resources you need to deliver community programs."³⁰¹ Text Box 14-3 describes the RDO program in more detail.

³⁰⁰ According to the Foundation for Rural Living, "In the next 40 years the greatest transfer of wealth in Canadian history will occur. Many of these assets are within rural Ontario and will transfer to charity." See: http://www.frl.on.ca/frl/aboutfrl/aboutus_overview.htm.

³⁰¹ Foundation for Rural Living website, available at: <http://www.frl.on.ca/frl/>.

Text Box 14-3: Three Examples of How the Rural Development Officer Program in Action

Testimony from Marjory Gaouette, director of programs, Foundation for Rural Living:

With respect to the concept behind the rural development officer program, when we started working on what rural organizations need to be effective in their community and how can we help them, they said they needed financial resources, people and coaching, mentoring and support around gaining skills and knowledge in how to deliver those services. They also need infrastructure because there is a lack of core funding.

For the rural development officer program, we placed a person in three different types of situations. We placed one person in a non-profit organization where the rural development officer's role was to work with that organization to develop strategies around fund development. We found out quickly that when fund development is in a crisis funding situation where you are running special events, trying to get dollars in the door just to stay open, it is difficult to have a sound fund development plan. Much of the work shifted over to recruiting a strong board that understands what it needs to do to be effective. Let us make sure the strategic plan is easy to deliver on, let us create the plan and then look at short-term and long-term strategies. The rural development officer played that role.

Another person worked in a community health centre. The community health centre's mandate was delivering services to families zero to six. However, the centre also interacts with families with children six and over, but their funding is not able to deliver the services to 11-13 year-old children. The rural development officer recognized a need to engage other partners, and worked between the mandate of the health centre and the community groups that were able to provide those supplementary supports to those families. In that way, the officer increased the partnerships, received more funding and merged them. That is a successful capacity building project, where you are trying to bring resources together to deliver services to families zero to six

The other model was municipalities. In West Lorne, we saw great success with this project. Many municipalities gave small community grants, for example, \$500, to different volunteer organizations to help them with their volunteer activities. They had about \$5,000 to deliver and they had approximately \$200,000 in applications or "asks" for that money. They heard about the rural development officer program and looked at it as an opportunity to bring that person in and work with the organizations to sort it out. What do you need and what will you deliver? Can we make some partnerships? Where are other places we can get that funding? How can we get the non-profits who want to deliver sports connected to some larger pools of funding and bring that money in? Mary Lou Kominek, who was the rural development officer there in 2006, had a tremendous amount of success in helping the municipality make the best use of its money by bringing other funding into those community groups.

According to Marjory Gaouette, Director of Programs at the Foundation for Rural Living, the Foundation for Rural Living is doing a three-year evaluation of the RDO project and is now collecting data from the second year of the program. Preliminary findings indicate that

this project has definitely increased money coming into their programs, but it has also allowed the executive director, or the staff person, and the chair do that higher level funding development to engage more partners, look to government funding, work with the United Way and work with philanthropists in their area. It has made a difference financially, and it has made a difference in their ability to sustain their work.

– Evidence, March 29, 2007

The committee believes that, much like the agricultural extension officers of former days, who played a vital role for the farm economy, the Foundation for Rural Living's RDO program could be an important resource for rural volunteer and charitable organizations throughout Canada. Based on the evaluation of the three-year pilot project, the program should be expanded across Canada with federal government assistance.

RECOMMENDATION 14-1: The committee recommends that, conditional on a positive evaluation of the Rural Development Officer (RDO) program, the federal government should help the Foundation for Rural Living expand its RDO program to every province and territory. The program should be reviewed after three years to assess its success in generating additional investment in Rural Canada's non-profit sector.

(b) Increasing Funding: Setting Up Dedicated Non-Profit Investment Funding for Rural Canada

The future of investment into rural Canada's volunteer and charitable sector will depend on more than increasing the technical ability of these groups to seek outside funding. It will also depend on raising the profile of rural Canada and developing funds dedicated to its needs. At the committee's hearings in Lethbridge, Alberta, fundraising consultant Paula Shimp stressed this point, identifying the same discrepancy between urban and rural funding identified by the Canadian Centre for Philanthropy and the Foundation for Rural Living:

In Alberta, there exists a gross funding inequity in rural charitable initiatives. [...] Most of our rural areas lack an active, large-scale charitable funding presence. You might want to consider establishing a rural foundation for Western Canada. There are 11 United Way foundations in Alberta. They all have their own United Way funding districts. A good friend of mine, who chaired the United Way in Calgary, was under the assumption all geographic areas of the province were covered by United Way. That is a fallacy. Only about 40 per cent of the geographic area of the province of Alberta — actually across the whole country, it varies from province to province — is serviced by United Way.

— Evidence, March 6, 2007

Ms. Shimp noted that the booming Alberta economy has done little to address the urban- rural discrepancy, despite the fact that Alberta's resource wealth and much of its labour is largely in rural areas of the province.

We submit grant proposals to all the big oil companies. [...] The large oil and gas companies send their men from Calgary down here to extract the resources, and then they submit \$500,000, \$700,000 and \$1 million to programming opportunities in the Calgary United Way but not in the rural areas. In the rural areas, we are seeing an influx of immigrant families and Sudanese refugees. We have 14,000 in Alberta. We have 14,000 or 15,000 Mexican Mennonites. We have many Mennonite colonies and many First Nations communities.

– *Evidence*, March 6, 2007

Marjory Gaouette from the Foundation for Rural Living made a similar observation about the United Way in her part of Ontario, near Guelph:

The United Way has a capacity to raise \$2 million within the urban centre, but very little in the county. I think the greater issue surrounding the United Way is that it concentrates on urban areas and on particular sectors of program delivery. One of the greatest challenges in the United Way funding is that it is program funding based, where service delivery is incremental to an organization. Core funding, which is required to build a stronger organization, does not exist any more because funding is directed to service delivery. When we look at rural communities and their organizations, the problem is compounded even more because the funding is getting smaller. If we do not provide core funding for an executive director, a manager, an office, a computer or to provide staff training or volunteer recruitment, all of the functions that we know make for strong organizations, it is harder to deliver services. It is our observation that the United Way is heavily engaged in funding programs, specific delivery, and that is a big issue for rural communities.

– *Evidence*, March 29, 2007

In her testimony, Ms. Shimp suggested that the committee consider a recommendation for a large rural foundation, with initial capital funding of \$500,000 to \$1 million, arguing that this kind of foundation could be used, for example, to help talented rural youth, especially those from low-income households, to develop the artistic skills that are often difficult to nurture in a rural environment: “If you believe rural people know how to solve our rural problems and provide solutions, if we can get the start-up costs and some of the infrastructure supports, we will be able to put small investments of cash and make big changes to some of our families dealing with health crises, or with particular gifts and seeking out opportunities.” (*Evidence*, March 6, 2007)

The committee notes that some charitable organizations are reaching out to rural Canada. At the committee’s hearings in Athens, Ontario, Judy Baril, Executive Director

of the United Way in the largely rural counties of Leeds and Grenville, explained that her organization tries to help all the rural communities in these two counties:

I am proud to say there is not one community across the two counties where there is not some sort of program or service happening on a daily basis that is funded by the United Way through the agencies that we support. Some of those services are quiet services. They may happen as a result of someone perhaps working for the Canadian National Institute for the Blind, CNIB, that helps counsel or teach someone who is losing their sight in how they can achieve a high standard of living through CNIB support. It could be through Big Brothers or Big Sisters having one of their matches in one of the communities. We are everywhere across Leeds and Grenville, in every single community, and we are proud of that. Some of my agencies' offices might be based in Brockville, but their outreach is amazing and they are doing a better job each day. Last year, they served 29,000 clients. In a population of 96,000 people in Leeds and Grenville, to have programs and services offered through funding from United Way programs and services to 29,000 people is truly amazing and they are doing an amazing job. We are proud of the work they are doing.

– *Evidence*, March 30, 2007

While there are hundreds of community charitable foundations across Canada, most of these are found in larger centres.³⁰² In fact, the committee is aware of only two existing or soon-to-be-functional foundations dedicated *solely* to rural Canada and similar to what Ms. Shimp has proposed. The first is called the Rural Communities Foundation of Nova Scotia. This charitable organization was started with about \$350,000 left over from the federal government's Atlantic Groundfish Strategy (TAGS).³⁰³ According to Pam Harrisson, Co-Chair and a founding member of the foundation,

The foundation's purpose is to put small amounts of money into communities that have ideas of how to improve rural Nova Scotia. Our grants never exceed much more than \$1,000, but \$1,000 in a rural community is the equivalent of two fundraisers. You take the energy out of a good committee to must put on two fundraisers to raise \$1,000 , and then to do the work. We said, "Let us take that step away. Give them the \$1,000, and the energy they would need to fundraise

³⁰² For a full list, see the Community Foundations of Canada website at: <http://www.cfc-fcc.ca/index.cfm>.

³⁰³ In 1999, the Office of the Auditor General of Canada reviewed the Atlantic Groundfish Strategy (TAGS). It described the program as follows: "The Atlantic Groundfish Strategy (TAGS) came into effect on 16 May 1994 (terminated on 29 August 1998), with the objective of restructuring the fishing industry in Atlantic Canada to make it economically viable and environmentally sustainable. This strategy comprised measures to assist individuals and communities affected by the groundfish moratorium. It applied to fishing areas in five provinces: Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island and Quebec." For a discussion, see Office of the Auditor General of Canada, "Chapter 7: The Atlantic Groundfish Strategy – Contributions and Grants," *1999 April Report of the Auditor General of Canada*, available at: http://www.oag-bvg.gc.ca/internet/English/aud_parl_oag_199904_e_1140.html.

they can put into something good in their communities.” Well, beautiful stories came out of that \$1,000. We had a program where they took that \$1,000 and went to a dairy. They said kids are not getting milk, and the dairy said, “Well, we’ll give you 30 per cent.” They took that \$1,000 and that was 30 percent, and then the family paid 30 per cent. Families paid only one third of the cost of milk for their children. That seems like a minor thing, but it was a huge thing for those families. Then we gave \$1,000 to a school, and that school put the Grade 6 kids in business. They started a little business within that school. [...] Anyway, these kids started this canteen and they sell only nutritious food. There were apples, oranges, bananas, cheese, yogurt and things like that. The kids learned if they paid this much for it and they sold it for this much, there was a bit of a profit. Not only was the program giving good nutrition, but it was also teaching the children about business.

– *Evidence*, February 23, 2007

The second charitable foundation is being developed by the Foundation for Rural Living. According to the Foundation’s website, its “Challenge Fund” will seek “to leverage \$5 to \$8 million through a private sector and government matching program which in turn will be offered to rural communities to match local contributions. This type of investment stimulus could provide the incentive needed to motivate both rural charities and potential investors and has worked effectively in other sectors.”³⁰⁴

The committee notes that the Foundation also operates a relief and disaster assistance fund, created in the wake of the 1998 ice storm in Ontario and Quebec, which has as a broad policy goal the aim of mobilizing citizen “participation when disaster strikes rural communities by serving as a channel for financial and in-kind contribution from individual citizen and community groups who, inspired by the devastation of an event, desire to make a positive difference in overcoming the most difficult of circumstances.”³⁰⁵

The committee supports Ms. Shimp’s call for a foundation dedicated to supporting the rural charitable and non-profit sector. The federal government should play a role in getting such a fund off the ground, preferably by working with the Rural Communities Foundation of Nova Scotia and the Foundation for Rural Living and by providing an initial endowment that could be used to leverage private-sector contributions:

³⁰⁴ Foundation for Rural Living website: http://www.frl.on.ca/frl/pandp/pandp_invest.htm.

³⁰⁵ *Ibid.*, http://www.frl.on.ca/frl/aboutfrl/aboutus_overview.htm.

RECOMMENDATION 14-2: The committee recommends that the federal government create a national foundation dedicated to supporting community-related activities in rural Canada. The federal government should contribute \$1 per Canadian (2006 Census population: 31.6 million) to the foundation. The endowment should be used to leverage additional contributions from private sector and foundation donations.

(c) Reaching Out, Recognizing and Rewarding Rural Volunteers

It is important to recognize the work and dedication of volunteers. We need to do everything we can to recognize and thank people who are giving of their time and not just throwing a toonie or a five-dollar bill into a basket. It costs much more for people to give of their time, energy and skills. Anything we can do to encourage, enhance, recognize and pay tribute to our volunteers is time, effort and money well spent.

– Reverend Christine O’Reilly, Minister,
Knox Presbyterian Church, Thedford and Watford, Ontario,
Evidence, June 7, 2007

Survey evidence suggests that volunteers, whether in rural or in urban settings, feel a sense of responsibility to donate their time to others because they know the people involved, empathize with their plight, or want to make their communities better places for themselves, their families and their fellow citizens.³⁰⁶ Our witnesses suggested that these impulses need to be encouraged. Although public recognition of good deeds may not be the most important motivating factor behind volunteer activity, it can help in retaining experienced volunteers who might otherwise be discouraged by an ever-increasing workload. Awards can also raise awareness of what volunteers in other parts of rural Canada are doing.

The Foundation for Rural Living has done pioneering work on this front. Since 2000, the Foundation has held an annual “Awards of Rural Excellence” program in which recipients are honoured for their contributions to the volunteer sector. In 2007, the awards were handed out at the Ontario Rural Council eighth annual rural development conference in the form of a commemorative memento and a cash contribution to a charity of the recipient’s choice. According to Anita Hayes, Executive Director at the Foundation, the award “recognizes and celebrates excellence in rural community initiatives and the people whose visions make them happen. Their successes showcase

³⁰⁶ Cathy Barr *et al.*, *op cit.*

models of excellence to build capacity, address challenges and promote opportunities in rural communities, models to share with others.” (*Evidence*, March 29, 2007)

In his presentation to the committee in Athens, Ontario, Yuergen Beck suggested that the federal government consider creating a tax credit to recognize the importance of volunteer work:

I am sure a lot of people can explain how it cannot work and why it should not work. Simply, if somebody offers a professional skill or hours of their time, why not give something back to them, whether it is 10 cents or 20 cents on the dollar? As we heard today, a lot of our stuff is community based. It would be a way to say, if you in the market charge X dollars per hour for legitimate work you do for your community, we will give you a small percentage of that back as a tax credit against your personal income tax. What would it do? I do not think it is as much about dollars as about appreciation. You talked earlier about burnout for volunteers. I think it would go a long way to help people that are already working hard in their communities — to say, thanks for doing something for us, here is a little token. It does not need to be a big thing but only a gesture saying, thank you for helping our communities grow.

– *Evidence*, March 30, 2007

Similar appeals for a tax credit have been voiced over the years elsewhere. In its annual presentation to the House of Commons Standing Committee on Finance’s pre-budget consultation process, the Canadian Association of Fire Chiefs has repeatedly requested a tax credit to recognize the vital work of volunteer fire fighters and to address a “severe problem” in recruiting and retaining personnel, especially in rural communities.³⁰⁷ Meanwhile, Member of Parliament Wayne Easter currently has a private member’s bill (C-219) that would to allow volunteer emergency workers to deduct from their taxable income the amount of \$1,000 if they performed at least 100 hours of volunteer service, and \$2,000 if they performed at least 200 hours of volunteer service. In its 2006 pre-budget consultation report, the House of Commons Finance Committee recommended that the federal government study the feasibility of a tax measure that

³⁰⁷ House of Commons Standing Committee on Finance, February 2008, “Taxing to Prosper: Canada’s System of Taxes, Fees and Other Charges,” available at: <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=13187&Lang=1&SourceId=226200>.

would recognize and reward volunteer efforts.³⁰⁸ It further recommended that such a study be completed by September 2007. As of yet, no such study has been forthcoming.

Given the importance of volunteer work for rural Canada and the very real difficulty many rural organizations have in recruiting new and retaining existing volunteers, the committee believes that the time has come for the federal government to recognize volunteer work, especially in the provision of emergency services, in a substantive way. A tax credit would be a good place to start.

RECOMMENDATION 14-3: The committee recommends that the federal government immediately create a tax credit to recognize and reward volunteer work, especially for emergency service personnel.

(d) Easing the Regulatory Burden for Rural Volunteers

The committee heard formal and sometimes informal testimony to the effect that government regulations can inadvertently impede volunteer activities in rural Canada. For example, Dr. Peter Apedaile, Professor Emeritus at the University of Alberta's Department of Rural Economy, explained how the well-intentioned regulations imposed by provincial and municipal public health offices can affect day-to-day volunteer activities in rural Canada: "I would also point out a little detail that rural people often get caught up in. When the women from our local community hall bring sandwiches to firefighters in a disaster situation, the sandwiches are turned away because they are not made under public health regulations. Our firefighters went without a meal because of that rule. This is approaching silliness." (*Evidence*, November 9, 2006)

Roger George, Chair of the Economic Development Committee of the Municipality of Powassan, expressed a similar concern:

Volunteers are harder to find these days, in part due to a social shift; but it is also an issue of frustration, with simple fundraising raffles, bingos and other things falling under the Criminal Code of Canada now. Part of the issue is Ontario government regulation. Our volunteers, many of whom are elderly people or retired people, question why they cannot have simple raffles anymore without filling out a mountain of forms with the municipal clerk and paying licence fees.

³⁰⁸ House of Commons Standing Committee on Finance, December 2006, "Canada: Competing to Win," available at: <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10479&Lang=1&SourceId=187764>

All they are trying to do is raise a couple of thousand dollars to send somebody off to a Girl Guide camp. At the moment, for example, we are trying to raise funds for a boy that is likely to be a paraplegic after an accident at the school. We run into all these strange rules where we cannot do the things we used to be able to do. Also, the threat of frivolous lawsuits today affects many attempts to hold events and use our rural assets for the greater benefit of society. Insurance rates, which protect our municipalities, have been driven sky high by lawsuits because the municipality holds the big policy. Canadian negligence law needs to be amended so we can eliminate this business where a person with only 2 or 3 per cent of the blame can end up paying 100 per cent of the claim, thus driving up insurance rates — again paid for by the taxpayer.

– *Evidence*, April 17, 2007

From these examples, it is clear that most of the regulatory burden described by our witnesses can be traced back to the provinces, although the *Criminal Code* is clearly a federal statute under federal control. The committee believes that these matters warrant further study and attention. The Rural Secretariat and the proposed Department of Rural Affairs should look into these matters.

RECOMMENDATION 14-4: The committee recommends that the proposed Department of Rural Affairs investigate the extent to which federal and provincial regulations and laws may be inhibiting volunteer activity in rural Canada.

Conclusion

We need to begin thinking about what we do in our leisure time, whether it is volunteer work or engaging in recreation, but those things are profoundly essential to our sense of well-being, regardless of what we do in terms of contributing to our own well-being or contributing to the well-being of our community.

– Jake Kuiken, Board of Director, Alberta Representative,
Canadian Association of Social Workers,
Evidence, May 10, 2007

It is difficult to overstate the importance of the volunteer sector for rural Canada or, for that matter, the challenges posed by an aging and, in some cases, declining population. committee members were frequently reminded of the importance of the volunteer sector in rural Canada. In addition to the support given to one another by neighbours and friends, formal volunteer activities provide vital services that might otherwise be unavailable, including firefighting, emergency rescue, literacy training, coaching, financial services and economic development. The volunteer sector also

fosters habits of collaboration, strengthens community ties, and provides a training-ground for future community leaders. If rural Canada is to thrive, the volunteer sector needs to be at the front and centre of any strategy to address rural depopulation, rural decline and rural poverty. The committee believes that the recommendations presented in this report would be a good place to start.

CHAPTER 15: CONCLUSION

[W]e are a resilient lot, those of us who choose to call rural Canada home, and there, in part, may lie some of the problem. Our ability to adapt to a changing environment can mask some of our reality. A growing percentage of rural folks are in crisis, family structures are caving under the burden of falling income, distance to service and the feeling of needing to go it alone. Services, which not long ago were available locally — and when I say that I mean a 20 or 30 minute drive — have now been rationalized into much larger urban environments. We are told to download the form from the Internet, but that assumes that people have a computer and that they have access to the Internet. [...] We need to celebrate innovation in service delivery by creating enabling rural policy. We need to take advantage of programs such as Community Futures because it provides a national opportunity. We need to decide what kind of rural Canada we want and go for it.

– Dianne Olchowski, Chief Executive Officer, Community Futures, Sagehill,
Evidence, March 8, 2007

It is tempting to romanticize rural life. For some, this romanticism means hearkening back to a time when rural communities were predominantly agricultural-based, rich in services, jobs, people and hope. For others, rural Canada is romanticized as a place where people know their neighbours. For still others, rural Canada is romanticized as a place “away from” crime, violence, pollution, and all the ills that have become associated, rightly or wrongly, with urban life.

These various strands of our romantic vision of rural Canada carry with them benefits and costs. On the one hand, it is important to recognize that the romantic vision is grounded in some truth. At one time, much of rural Canada was dominated by agricultural and the farm sectors. Small towns across the land were rich in services, jobs, people and hope. Many rural communities *still* are places characterized by tight social bonds, clean air and water and low crime. It is also important to recognize that in part because of this romantic vision, we are seeing a very real trend of reverse migration to rural Canada by urbanites tired of congestion, pollution and anomie.

On the other hand, the romantic vision can also be a chain that binds rural Canadians and policymakers alike. It obscures the fact that historically and to this day, rural life has often been filled with hardship, danger, and sometimes despair: hardship imposed by difficult climates and fluctuating commodity prices; danger from the occupations that have historically defined economic life in rural Canada (agriculture, mining, forestry, and

fishing); despair from a sense of isolation, both social and otherwise. Similarly, the romantic vision blinds too many to the false idea that rural Canada's challenges are best addressed by agricultural policy, a persistent myth that so many of our witnesses emphasized needs to be discarded once and for all.

Above all, the romantic vision tends to encourage rural Canadians and policymakers alike to look backwards at what has been lost and outward for assistance instead of forward to opportunity and locally to the assets rural communities already have. In his presentation, by Peter Kenyon, the director of an Australian consulting firm specializing in rural issues called Bank of I.D.E.A.S., emphasized the need for this kind of forward-looking approach in an extremely helpful way:

I suspect one of the greatest problems that rural residents face is simply that they have not been able to embrace the fact that the future is not what it used to be. Many people hunger for when the price of oil and wheat were at all-time highs; people hunger for the 1950s, the 1960s and the 1970s. However, we no longer live in those days and a mindset shift is necessary. Many of these small towns need to reinvent themselves. That certainly starts with mindset. People need to stop waiting for the cavalry to arrive from Canberra, Sydney and Melbourne, the capitals, to sort out their problems. Rural residents need to become far more engaged in planning and implementing a more positive future. In this, I see the role of government as trying to facilitate that as opposed to continuing what I call the "cavalry approach" where we march in and out of these communities and deliver from a central base.

– *Evidence*, February 12, 2008

To generate the benefits of this more forward-looking approach, Mr. Kenyon said rural communities need a few other ingredients, namely strong leadership that has an eye towards what Mr. Kenyon calls "opportunity obsession" and understands the need to recruit young people in the 25 to 35 age range. Mr. Kenyon said the importance of leadership was crystallized for him by a study for the Australian government which argued that "(g)iven the choice of \$50 million or \$10 million and 20 local leaders, we would go for the 20 leaders and the lesser amount of money" (*Evidence*, February 12, 2008). Opportunity obsession means simply that rural communities "need to start thinking outside of the box. The residents and leadership within these communities need to start looking much more creatively at diversification of their economies, the way they

embrace new industries, the way technology, tourism and other industry areas provide new possibilities for rural areas.” (*Evidence*, February 12, 2008)

Mr. Kenyon was not the only committee witness to emphasize the importance of leadership, a change in mindset and the importance of drawing young people back to rural Canada. Ishbel Munro is executive director of the Coastal Communities Network (CCN), a volunteer association of organizations whose mission is to provide a forum to encourage dialogue, share information, and create strategies and actions that promote the survival and development of Nova Scotia's coastal and rural communities. Ms. Munro told the committee that CCN members focus on inculcating precisely the values outlined by Mr. Kenyon: “Effective leadership is key in terms of how to solve problems in rural Nova Scotia or rural Canada, for that matter. You can see the difference between communities that have that kind of leadership and vision, and communities that do not have it. We need to look for opportunities to nurture and help build the capacity and skills of those leaders and provide them with support. That is certainly something that Coastal Communities Network tries to do as well.” (*Evidence*, February 15, 2007)

The committee believes that the federal government, through the proposed Department of Rural Affairs, can play an important role in helping nurture the next generation of rural leaders. Therefore,

RECOMMENDATION 15-1: The committee recommends that the proposed Department of Rural Affairs develop and implement a leadership training program for rural communities.

The committee was fortunate to hear a lot of anecdotal evidence about communities who were taking matters into their own hands and actively planning for the future. Sadie Perron, director of Community Development for the Atlantic Canada Opportunities Agency (ACOA), explained for example how her organization is working with rural communities in New Brunswick to help them bring youth back to their communities:

The regions organize a weekend annually to which 20 youth are invited to learn about the region and its opportunities. During the weekend, youth have an opportunity to understand the strengths and opportunities in the region. The measure of success to date is that 50 per cent of the youth who participate in this kind of weekend return to the regions within six months after they graduate. We have done this for three years running and have found that, when our youth learn

about the opportunities and jobs in their regions, they have a much better chance of returning.

– *Evidence*, February 13, 2007

Dr. Ivan Emke, a professor at Sir Wilfred Grenfell College Campus, Memorial University’s satellite campus in Corner Brook, Newfoundland, described how community development organizations in the province’s Northern Peninsula are working on a similar strategy:

They stay in touch with high school graduates from the Northern Peninsula who leave. For example, if, say, a garage in Plum Point needs a new mechanic and the board knows someone who is interested in mechanics, they email that individual to inform him of the opportunity, should they wish to move back. That is an example of facilitating or lubricating those kinds of return migrations, where you might be able to some success, rather than stemming the tide, which will always be there, to some extent, but to find some return there.

– *Evidence*, February 19, 2007

The committee was also fortunate enough to meet with rural Canadians who are themselves part of this reverse migration and who, in many ways, embody the leadership and vision emphasized by Mr. Kenyon and Ms. Munro. Christoph Weder is a rancher from Alberta who in the past has won the “Outstanding Young Farmer of the Year award for both Alberta and Canada. According to Mr. Weder,

one of the reasons we won was our positive attitude, which we are trying to instil in other producers. However, it is an uphill battle when you are the only 35-year-old farmer in a 50-mile radius and everyone else is going to the oil patch. They look at you like you are a little loony. You talk about endangered species in Canada, and the worst endangered species in the Prairie Provinces is the 35-year-old farmer right now. You need to find out where they are, make sure they have a good habitat and that they reproduce, because that is the next generation we need to worry about.

– *Evidence*, February 27, 2007

Mr. Weder, who has travelled and worked extensively abroad, stressed the need for rural Canadians to take a broader view of the world and assume more responsibility for their communities. “Opportunity obsession” may, in order words, be helped along by a broadening of perspectives:

One of the problems with rural poverty is that many people have never travelled beyond their county limits. When you experience and understand broader

perspectives, you go back home with a different attitude toward things. When someone points fingers at another, there are always three fingers pointing back to him. We need to take responsibility and look after ourselves to get things done. We can talk about government programs for producers, but there is also an onus on producers to do development or education. The agriculture policy in Switzerland, where my wife is from and where I emigrated from when I was four, is different. Perhaps that is why I have a different outlook. If you want to get support programs you have to get an education. You need to get a diploma and further education to get a different perspective. Yes, if you are going to run a multimillion-dollar business, you need an education. Everyone needs business and marketing courses.

– *Evidence*, February 27, 2007

Mr. Kenyon's argument and Mr. Weder's lived experience brings us back full circle to some of the important principles that have framed this study from the beginning. Rural policy needs to recognize the diversity that characterizes rural Canada. Rural policy needs to facilitate not dictate. And rural policy needs to help those who can demonstrate they want to be helped. With these principles firmly in mind and the hard work of Canada's almost six millions rural Canadians, we believe rural Canada can be a place where, a generation from now, the population has increased and health, education, income and other outcomes are on par with the rest of Canada.

APPENDIX A: WITNESSES HEARD

- March 6, 2008 **The Caledon Institute of Social Policy**
Ken Battle, President
- February 28, 2008 **As an individual**
Mark Shucksmith, Professor, Newcastle University
- February 26, 2008 **Ontario Provincial Police**
Mark Allen, Inspector, Manager, Crime Prevention Section,
Investigation Bureau
- Royal Canadian Mounted Police**
Michel Aubin, Director, Drugs and Organized crime
Marcel Eugène Lebeuf, Senior Research Officer
- February 21, 2008 **As individuals**
Enopik Sigeatuk, Elder
Lieutenant Carol-Anne Scott, Director of the Iqaluit,
Nunavut Project for the Salvation Army and Director for the
Homeless Shelter
Monica Ell, Director, Business and Economic Development,
Nunavut Tunngavik Incorporated and Director of the
Nunavut Economic Forum
- City of Igloolik**
Paul Aarulaaq Quassa, Mayor
- City of Iqaluit**
Elisapee Sheutiapik, Mayor
Janelle Budgell, Community Wellness Coordinator
- Government of Nunavut**
Kathy Okpik, Deputy Minister, Department of Education
Bill Riddell, Residential Tenancies Officer, Magistrate
- Iqaluit Community Tukisigiavik Society**
David Wilman, Executive Director
Elisapi Davidee-Aningmiuq, Program Coordinator
- Iqaluit Community Greenhouse Society**
John Lamb, President
- Iqaluit Soup Kitchen, Parish of St. Simon and St. Jude**
Cyrus Blanchet, Outreach Coordinator

February 21, 2008

Legal Services Board of Nunavut
Paul Nettleton, Poverty Law Counsel

Nunavut Economic Forum
Glenn Cousins, Executive Director

Quliit Nunavut Status of Women Council
Rhoda Palluq, Executive Director

February 19, 2008

The Honourable Bob McLeod, M.L.A., Minister of Human Resources, Minister of Industry, Tourism and Investment and Minister Responsible for the Public Utilities Board, Northwest Territories

As individuals

Chief CeCe McCauley, Writer, News North Newspaper
Kevin Menicoche, Member of the Legislative Assembly of the Northwest Territories (Nahendeh)
David Krutko, Member of the Legislative Assembly of the Northwest Territories (Mackenzie Delta)

Centre for Northern Families
Arlene Hache, Executive Director

Fédération franco-ténoise
Dorice Pinet, Assistant General Director and Project leader

Native Women's Association
Nancy Peel, Executive Director

City of Yellowknife
Gordon Van Tighem, Mayor

Government of Northwest Territories
Jill Christensen, Manager, Integrated Services, Yellowknife Health and Social Services Authority

National Anti-Poverty Organisation
Mira Hall, Chair, Women's Committee and Territorial Representative

Northwest Territories Economic Development Council
Simon Lamoureux, President
Batiste Foisy, Researcher
Patrick Lachapelle, Economic Development Officer

February 19, 2008

Savoie Law Office

Jeanette Savoie, Barrister and Solicitor

Side Door Youth Centre

Spencer Heslep, Program Coordinator

Status of Women Council

Sharon Thomas, Executive Director

February 18, 2008

As individuals

Larry Bagnell, P.C., M.P., Yukon — Official Opposition
Critic for Northern Affairs

The Honourable Ione Christensen, Former Senator for
Yukon

Chris Danfa, Future Info Tech

Judi Johnny

Brian Eaton, Resource Coordinator, Second Opinion Society

Liz Walker, Director of Health Partnerships, Council of
Yukon First Nations

Lori Duncan, Director of Health and Social Developments,
Council of Yukon First Nations

Peter Becker, Member of the Board, Yukon Anti-Poverty
Coalition

Arthur Mitchell, Member of the Legislative Assembly of
Yukon (Copperbelt)

Association of Yukon Communities

Bev Buckway, First Vice-President and Mayor of the City of
Whitehorse

Fetal Alcohol Syndrome Society of Yukon (FASSY)

Judy Pakozdy, Executive Director

Government of Yukon

Tony Hill, Director, Agriculture Branch

Diane Reed, Director, Forestry Management Branch

Robert Holmes, Director, Mineral Resources, Energy, Mines
and Resources

Lesley McCullough, Director, Intergovernmental Relations

Groupe de concertation Solidarité Pauvreté

Claude Gosselin, Priest

Kaushee's Place — Yukon Women's Transition Society

Barbara Powick, Executive Director

- February 18, 2008 **Maryhouse**
Kate O'Donnell, Director
- Victoria Faulkner Women's Centre**
Cate Innish, Program Coordinator
- Yukon Anti-Poverty Coalition**
Ross Findlater, Co-Chair
- Yukon Council on disABILITY**
Kim Lawson, Employer Liaison, Job Coach
- Yukon Status of Women Council**
Charlotte Hrenchuk, Coordinator
- February 14, 2008 **Organisation for Economic Co-operation and
Development**
Roberto Villarreal, Head of Division
Nicola Crosta, Head of the Rural Development Unit
José Antonio Ardavin, Administrator, Rural Development
Unit
Ilse Oehler, Economist Public Service Delivery
Betty Ann Bryce, Consultant, Rural Development Unit
- February 12, 2008 **As an individual**
John Stapleton, Research Director, Former Taskforce on
Modernizing Income Security for Low Income Working-Age
Adults
- Bank of I.D.E.A.S.**
Peter Kenyon, Director
- February 5, 2008 The Honourable Gerry Ritz, P.C., M.P., Minister of
Agriculture and Agri-Food and Minister for the Canadian
Wheat Board
- The Honourable Christian Paradis, P.C., M.P., Secretary of
State (Agriculture)
- December 6, 2007 **As an individual**
Allan Douglas, Climate Change Researcher, Centre for
Environmental Monitoring

- December 4, 2007 **Association of Canadian Community Colleges**
Terry Anne Boyles, Vice President
- Canadian Network for Innovation in Education**
Anna Sawicki, Secretary-Treasurer
- November 29, 2007 **Canadian Egg Marketing Agency**
Laurent Souigny, Chair
- Canadian Hatching Egg Producers**
Gyslain Loyer, Chair
- Canadian Turkey Marketing Agency**
Wayne Kroeker, Vice-chair
- Chicken Farmers of Canada**
Mike Dungate, General Manager
- Dairy Farmers of Canada**
Jacques Laforge, Chair
- June 8, 2007 **As individuals**
Jeannot Beaulieu
Jacques Grondin
The Honourable Wayne Easter, P.C., M.P.
Darlene Lannigan, Assistant — Maniwaki, Office of
Lawrence Cannon, M.P.
George Lafontaine, Political Assistant for Stéphanie Vallée,
M.N.A. for Gatineau
Dominique Bherer, Veterinarian
Bernard Fortin, Representative, Communications, Energy
and Paperworkers Union of Canada
Fred McGregor
- Centre des services aux réseaux d'entreprises du secteur
forêt**
Denise Julien, Director General
- Centre Jean Bosco de Maniwaki**
Philippe Larivière, Coordinator
- Centre local de développement**
Benoit Labrecque, Advisor, Development of Forestry
Industry

June 8, 2007

Fédération des producteurs de bois du Québec
Jean-Pierre Dansereau, Director General.

Fédération Québécoise des coopératives forestières
Gérard Szaraz, Strategic Development Adviser.

L'Entraide de la Vallée / Table de sécurité alimentaire
Fabienne Lachapelle

L'Équipe des bénévoles de la Haute Gatineau
Dorothée St-Marseilles, Coordinator

Mani-Jeunes
Gaston Robitaille, Chairman of the Board

Outaouais-Laurentides Beef Producers
Gib Drury, President

June 7, 2007

As an individual
Reverend Christine O'Reilly, Minister, Knox Presbyterian
Church, Thedford and Watford, Ontario

June 5, 2007

Réseau québécois du crédit communautaire
Lucie Villeneuve, Coordinator

Statistics Canada
Denis Chartrand, Director, Agriculture Division
Cathy Cromey, Chief, Census of Agriculture, Agriculture
Division
Marco Morin, Chief, Farm Income and Prices Section,
Agriculture Division

June 1, 2007

As individuals
Laurier Guillemette, Agronomist
Elizabeth Latos
Marek Latos, Trapper

Connection Centre
Ernie Lafontaine, Board Member

Disability Resource Centre for Independent Living
Patricia Simone, Executive Director

Grand-Nord Legal Clinic
Louise Guertin, Community Legal Worker

- June 1, 2007 **Jeanne Sauvé Family Services**
Mona Comeau, Services Manager
- Kapuskasing Economic Development Corporation**
Adèle Bordeleau, Economic Development Officer
- Sensenbrenner Hospital**
Louise Thomson, Placement Coordinator
- May 31, 2007 **Federal Economic Development Initiative in Northern Ontario**
Louise C. Paquette, Director General
Scott Merrifield, Director, Policy, Planning and Coordination
- Forest Products Association of Canada**
Avrim Lazar, President and Chief Executive Officer
Marta Morgan, Vice President, Trade and Competitiveness
- May 29, 2007 **As an individual**
Raymond Pong, Research Director, Centre for Rural and Northern Health Research, Laurentian University
- Hockey Canada**
Paul Carson, Director, Development
- May 18, 2007 **As individuals**
Robert Gendron
Charles Cartier
Marthe Tremblay
- Agence de la santé et des services sociaux de la Mauricie et du Centre-du-Québec**
Réal Boisvert, Research Adviser
- Au coeur des familles agricoles**
Maria Labrecque Duchesneau, Executive Director
- Centre de Santé des services sociaux du nord de Lanaudière**
Alain Coutu, Community Organizer
- Fédération de l'Union des producteurs agricoles, Centre-du-Québec**
Jacques Corriveau, President

May 18, 2007

Horizon Vert

Jean-François Ménard, President

Institut national de santé publique

Robert Pampalon, Researcher and Geographer

Sogetel

Alain Duhaime, President

Town of Nicolet

Alain Drouin, Mayor

Union des producteurs agricoles

Laurent Pellerin, Executive Director

David Tougas, Economist

May 17, 2007

Canada Economic Development for Quebec Regions

Johanne Béchar, Director General, Policy and Programs

Stéphane Dufour, Acting Director General, Infrastructure
and Business Development

May 15, 2007

MFR-Québec

André Campeau, President

Daniel Lambert, Project Officer

Solidarité rurale du Québec

Cherkaoui Ferdous, General Secretary

Jacques Proulx, President

May 10, 2007

Canadian Association of Social Workers

Jake Kuiken, Board of Directors, Alberta Representative

Federation of Canadian Municipalities

Don Johnson, Chair, Rural Forum

Susan Villeneuve, Senior Policy Analyst

May 8, 2007

Canadian 4-H Council

Marie Logan, President

Green Party of Canada

David Chernushenko, Senior Deputy to the Leader

Jim McKenzie, Agricultural Policy Analyst

Kylah Dobson, Member

- May 3, 2007 **Public Health Agency of Canada**
Dr. David Butler-Jones, Chief Public Health Officer
Marie DesMeules, Director of the Evidence and Risk
Assessment Division, Centre for Chronic Disease Prevention
and Control
- Canadian Institute for Health Information**
Jennifer Zelmer, Vice President, Research and Analysis
Elizabeth Gyorfí-Dyke, Director, Canadian Population
Health Initiative
- May 1, 2007 **Ontario Landowners Association**
Bill Duncan, Director
Jacqueline Fennell, Director
Merle Bowes, Executive
Shawn Carmichael, Member
- April 26, 2007 **Canadian Co-operative Association**
Carol Hunter, Executive Director
- Credit Union Central of Saskatchewan**
Pam Skotnisky, Associate Vice-President, Government
Affairs
- Ducks Unlimited Canada**
Cynthia Edwards, National Manager, Industry &
Government Relations
J. Barry Turner, Director of Government Relations
- April 17, 2007 **Municipality of Powassan**
Bob Young, Mayor
Roger George, Chair, Economic Development Committee
- March 30, 2007 **As individuals**
Yuergen Beck
Jane Monaghan
Sandra Lawn
Merle Bowes
David Campbell
Dr. Denise Bowes
Laurie Wight
Rosemary Kralik
- Country Roads Community Health Centre**
Jen Bergman, Health Promoter
Sue MacLatchie, Vice-Chair, Board

March 30, 2007

Lanark Landowners Association

Bill Duncan, President

Leeds and Grenville Landowners Association

Jacqueline Fennell, President

Shawn Carmichael, Director

Leeds, Grenville and Lanark District Health Unit

Dianne Oickle, Registered Dietician and Public Health

Nutritionist

LINKS

Deborah Heintzman, Member

Loaves and Fishes

Irene Selkirk, Administrator

Ontario Federation of Agriculture

Geri Kamenz, President and Chairman of the Board

Adrian Wynands, President, Grenville Federation of
Agriculture, and Regional Director, Ontario Federation of
Agriculture

Bill French, President, Leeds Federation of Agriculture

**Perth Connections, Lanark Health and Community
Services**

Sandy Prentice, Home Visitor and Playgroup Organizer,
Community Action Program for Children

Salvation Army — Brockville

Randy Gatza, Community and Family Services Officer

**Seeley's Bay/Lindhurst and Area Non-Profit Seniors
Residence Corporation**

Peggy Sweet-McCumber, Chair

Township of Athens

John Conley, Mayor

United Way of Leeds and Grenville

Judy Baril, Executive Director

March 29, 2007

Foundation for Rural Living

Anita Hayes, Executive Director

Marjory Gaouette, Director of Programs

March 29, 2007

The Ontario Rural Council
Harold Flaming, Executive Director

March 27, 2007

As an individual
Larry S. Bourne, Professor of Geography and Planning,
University of Toronto

Association of Municipalities of Ontario
Pat Vanini, Executive Director

Rural Ontario Municipal Association
Chris White, Chair

March 22, 2007

Society of Rural Physicians of Canada
Dr. Keith MacLellan, Past President

March 9, 2007

Arborgate School — La Broquerie
Elaine Wilson, Principal

As an individual
Louise Lawrie

Chaboillé Community Development Corporation
Murielle Bugera, Economic Development Officer

Manitoba Food Charter
Laurel Gardiner, Northern Co-Chair

Municipality of Steinbach
Chris Goertzen, Mayor

New Beginnings
Verna Beardy, Director

Pointe-des-Chênes School
Dolores Beaumont, Director

Rural Development Institute, Brandon University
Robert Annis, Director

South Eastman Health
Dr. Jan Roberts, Medical Officer of Health

March 8, 2007

Action Committee on the Rural Economy
Germain Dauk, Member

Agriculture Producers Association of Saskatchewan
Marvin Scauf, Policy Manager
Ken McBride, President

As individuals

Dan Hoover
Linda Nosbush, Chair, Ministerial Advisory Board of Early Learning and Child Care for the Minister of Learning, and Fellow, National Council for Early Child Development

Carlton Trail Regional College
Rob Barber, Chief Executive Officer

Community Futures Sagehill
Dianne Olchowski, Chief Executive Officer

Keewatin Career Development Corporation
Randy Johns, Chief Executive Officer

Kenaston & District Chamber of Commerce
Mary Lou Whittles, President

Mid-Saskatchewan Community Futures Development Corporation/Regional Economic Development Authority
Russ McPherson, Economic Development Officer
Jim Tucker, General Manager

Northern Development Board Corporation
Dean Desjarlais, Chief Executive Officer

National Farmers Union
Marilyn Gillis, Women's Advisor

Saskatchewan Association of Rural Municipalities
Ray Orb, Director

Thickwood Hills Business and Learning Network
Marie Prebushewski, Executive Director

March 7, 2008

Alberta Association of Agricultural Societies
Charles Moore, Regional Director, Board of Directors

Alberta Organic Producers Association
Victor Chrapko, President

Alberta Sugar Beet Growers
David Lauwen, President

As an individual
Hank G. Van Beers, Reeve, Division No. 5, Municipal
District of Taber

Community Futures Lethbridge Region
Mark Fournier, Executive Director

Potato Growers of Alberta
Jerry Zeinstra, Vice-Chairman
Mark Miyanaga, Director at Large

Real Voice for Choice Alberta
Laurence Nicholson, Co-Chair

March 6, 2007

Alberta Soft Wheat Producers Commission
Lynn Jacobson, President

Alberta Women's Institutes
Darlene Wicks, President Elect

As an individual
Paula Shimp

National Farmers Union
Everett Tanis, Member

South West Alberta Coalition on Poverty
Stasha Donahue, Co-chair

Rural Alberta's Development Fund
Ken Nicol, Director

Womanspace Resource Centre
Lisa Lambert, Project Coordinator

March 5, 2007

As individuals

Denise Dowswell, Little Valley Farms
Dwayne Patterson, Communications, Energy & Paperworkers
Union, Local 603

BC Breeders & Feeders Association

Brian Hill, President

BC Healthy Communities

Theresa Healy, Facilitator, Northern Region, BC Healthy
Communities, and Adjunct Professor, Department of Gender
Studies and the School of Environmental Planning,
University of Northern British Columbia

**Immigrant and Multicultural Services Society of Prince
George**

Baljit Sethi, Executive Director

New Focus Society

Sharron Hill, Executive Director

Prince George Council of Seniors

Paz M. Milburn, Manager

University of Northern British Columbia

Greg Halseth, Professor, Geography Program, and Canada
Research Chair in Rural and Small Town Studies
Catherine Nolin, Assistant Professor, Geography Program

March 1, 2007

Western Economic Diversification Canada

Keith Fernandez, Assistant Deputy Minister, Ottawa
Ardath Paxton Mann, Assistant Deputy Minister, British
Columbia
Jim Saunderson, Director General, Corporate Finance and
Programs

February 27, 2007

As an individual

Christoph Weder, Rancher

Saskatchewan Association of Rural Municipalities

David Marit, President

February 23, 2007

Affordable Housing Association
Claudia Jahn, Executive Board Member

Antigonish Women's Resource Centre
Lucille Harper, Executive Director

As individuals
Bill Casey, M.P. for Cumberland—Colchester, Nova Scotia
Ed McMaster
Barton Cutten

Colchester Food Bank Association
Karen Dykens, Volunteer

Colchester Regional Development Agency
Anna Parks, Community Economic Development Officer

Pictou County Women's Centre
Bernadette MacDonald, Executive Director

Poverty Action Committee
Sharon Murphy, Chair

Rural Communities Foundation of Nova Scotia
Pam Harrison, Co-Chair
Jayne Hunter, Director

February 22, 2007

Annapolis and Area Food Bank Society
Bill Goucher, President
Frances Rafuse, Volunteer Treasurer

Annapolis County Federation of Agriculture
Robert Nobel, Vice-President

As individuals
Timothy Hennigar, Farmer, Member of Council of Leaders
at the Nova Scotia Federation of Agriculture
Russell Ward

Canadian Centre for Policy Alternatives
Pauline Raven, Research Associate

County of Annapolis
Keith Robicheau, Chief Administrative Officer
Peter Newton, Warden

February 22, 2007

Nova Scotia Co-operative Council
Jonathan McClelland, Business Development Officer
(Western Region)

Nova Scotia Legal Aid, Annapolis Royal Office
Darren MacLeoad, Managing Lawyer

Open Arms Resource Centre
John Andrews, Emergency Shelter Coordinator
Doug Greene, Volunteer

Town of Annapolis Royal
John Kinsella, Mayor

Women's Place Resource Centre
Della Longmire, Executive Director

February 21, 2007

As an individual
Guy Lanteigne

Atelier RADO
David Couturier, General Manager

Comité des 12 pour la justice sociale
Claude Snow, Spokesperson

Common Front for Social Justice of New Brunswick
John Gagnon, Co-Chair
Claudia Parks, Member
Cathy Mailloux, Secretary

February 20, 2007

As individuals
Winnie Fraser Mackay, President, Canadian Pensioners
Concerned Inc
Dr. Els Cawthorn, Veterinarian and Shelter Manager, P.E.I.
Humane Society

Association des femmes acadiennes et francophones
Colette Arsenault, Director

Families First Resource Centre
Aileen Petrie, Executive Director

February 20, 2007

Government of Prince Edward Island

Elaine Noonan, Executive Director, Population Secretariat
Jeanette MacAulay, Deputy Minister of Social Services and Seniors

Hospice Palliative Care Association of Prince Edward Island

Ed MacLaren, President
Graham Gaudet, Executive Director

National Farmers Union

Ranald MacFarlane, Maritime Board Member
Karen Fyfe, Women's Vice-President

PEI Advisory Council on the Status of Women

Catherine McAleer, Member

PEI BioAlliance

Rory Francis, Executive Director

PEI Literacy Alliance

Catherine O'Bryan, Executive Director

PEI Senior Citizens' Federation

Annie Boyle, President
Irene Larkin, Executive Director

Resources West Inc.

Erkki Pohjolainen, Economic Development Officer

School of Nursing, University of Prince Edward Island

Dr. Kim Critchley, Dean and Associate Professor

February 19, 2007

As individuals

Ivan Emke, SWGC Memorial University of Newfoundland
Israel Hann
Gerry Byrne, P.C., Member of parliament for Humber-St. Barbe-Baie Verte

Corner Brook-Rocky Harbour Region Rural Secretariat

Doris M. Hancock, Regional Partnership Planner

Food Bank Network

Sister Alichia Linehan, Secretary
Judie Gushue, Past President

- February 19, 2007 **FFAW — Fish, Food and Allied Workers**
Lana Payne, Research and Communications
Jason Spingle, West Coast Staff Representative
- Government of Newfoundland and Labrador**
Jennifer Jeans, Assistant Deputy Minister, Department of
Human Resources, Labour and Employment
- Gros Morne Co-operating Association**
Colleen Kennedy, Executive Director and Chair, Rural
Secretariat Corner Brook Rocky Harbour
- RED Ochre Regional Board Inc. (Regional Economic
Development Board)**
Sean St. George, Executive Director
- February 15, 2007 **Atlantic Institute for Market Studies**
Charles Cirtwill, Acting President
- Coastal Communities Network**
Ishbel Munro, Executive Director
- February 13, 2007 **Atlantic Canada Opportunities Agency**
Eleanor King, Director General, Community Development
Sadie Perron, Director, Community Development
- Neighbours Alliance of North York**
Sue Rickards, Member of the Board
- February 8, 2008 **Communications, Energy and Paperworkers Union of
Canada**
Dave Coles, National President
Gaétan Ménard, Secretary-Treasurer
- February 6, 2008 **Canadian Associations of Food Banks**
Charles Seiden, Executive Director
Michael Bay, Member of the Board of Directors
- Feed Nova Scotia**
Dianne Swinemar, Executive Director
- Regina and District Food Bank**
Wayne Hellquist, Chief Executive Officer

- November 30, 2006 **As an individual**
Kurt Klein, Professor, Economics Department, University of Lethbridge
- November 28, 2006 **Citizens for Public Justice**
Greg deGroot-Maggetti, Socio-economic Policy Analyst
Harry J. Kits, Executive Director
- Fraser Institute**
Chris Sarlo, Senior Fellow
- November 23, 2006 **As an individual**
Diane Martz, Research Manager, Prairie Women's Health Centre of Excellence
- November 21, 2006 **As individuals**
David Freshwater, Professor and Director of Graduate Studies for Agricultural Economics, University of Kentucky
Donald Reid, Professor, School of Environmental Design and Rural Development, University of Guelph
- November 9, 2006 **As individuals**
Peter Apedaile, Professor Emeritus, Department of Rural Economy, University of Alberta
Bill Reimer, Professor, Department of Sociology and Anthropology, University of Concordia
- November 7, 2006 **As an individual**
Michael Goldberg, Chair, First Call: BC Child and Youth Coalition
- C.D. Howe Institute**
Finn Poschmann, Director of Research
- October 31, 2006 **As individuals**
Harry Cummings, Professor, School of Environmental Design and Rural Development, University of Guelph
Anthony Fuller, Professor, School of Environmental Design and Rural Development, University of Guelph

- October 26, 2006 **As individuals**
Bruno Jean, Canada Research Chair in Rural Development,
Université du Québec à Rimouski
David Bruce, Director, Rural and Small Town Programme,
Mount Allison University
Mark Partridge, Adjunct Professor, Department of
Agricultural Economics, University of Saskatchewan
- October 24, 2006 **As an individual**
Jim Sentance, Associate Professor, Department of
Economics, University of Prince Edward Island
- October 17, 2006 **Agriculture and Agri-Food Canada**
Donna Mitchell, Executive Director, Rural and Co-
operatives Secretariats
Christine Burton, Director, Rural Policy and
Strategic Development
- October 5, 2006 **Statistics Canada**
Sylvie Michaud, Director, Income Statistics
Denis Chartrand, Director, Agriculture Division
Ray Bollman, Research Economist
- October 3, 2006 The Honourable Charles Strahl, P.C., M.P., Minister of
Agriculture and Agri-Food
- Agriculture and Agri-Food Canada**
Christiane Ouimet, Associate Deputy Minister
Donna Mitchell, Executive Director, Rural and
Co-operatives Secretariats
- September 28, 2006 **National Anti-Poverty Organization**
Sherrie Tingley, Executive Director
Debbie Frost, President, Board of Directors
Nancy Shular, Vice-President, Board of Directors

APPENDIX B: ACRONYMS

AAFC	Agriculture and Agri-Food Canada
ACOA	Atlantic Canada Opportunities Agency
ADA	Area Development Agency
AEP	Atlantic Enterprise Program
AHI	Affordable Housing Initiative
AIMS	Atlantic Institute for Market Studies
AIP	Atlantic Investment Partnership
ALLESF	Adult Learning, Literacy and Essential Skills Program
ARDA	<i>Agricultural Rehabilitation and Development Act</i>
ARDA II	<i>Agricultural and Rural Development Act</i>
BCF	Building Canada Fund
BRAND	Broadband for Rural and Northern Development Pilot Program
CA	census agglomeration
CAP	Community Access Program
CBDC	Community Business Development Corporation
CCA	Canadian Co-operative Association
CCEDNet	Canadian Community Economic Development Network
CDI	Co-operative Development Initiative
CEDQ	Canada Economic Development for Quebec Regions
CFIB	Canadian Federation of Independent Business
CIC	Citizenship and Immigration Canada
CIHI	Canadian Institute for Health Information
CMA	census metropolitan area
CMHC	Canada Mortgage and Housing Corporation
COMRIF	Canada-Ontario Municipal Rural Infrastructure Fund
CPP	Canada Pension Plan
CRA	Canada Revenue Agency
CRTC	Canadian Radio-television and Telecommunications Commission

CSIF	Canada Strategic Infrastructure Fund
DREE	Department of Regional Economic Expansion
DRIE	Department of Regional Industrial Expansion
DSL	digital subscriber line
ECBC	Enterprise Cape Breton Corporation
EG&S	ecological goods and services
EI	Employment Insurance
ELNOS	Elliot Lake and North Shore Corporation for Business Development
EPA	Environmental Protection Agency [U.S.]
ERDA	Economic and Regional Development Agreement
FCM	Federation of Canadian Municipalities
FEDC	Federal Economic Development Coordinator
FedNor	Federal Economic Development Initiative for Northern Ontario
GDA	General Development Agreement
GHG	greenhouse gas
GIS	Guaranteed Income Supplement
HRSDC	Human Resources and Social Development Canada
HSP	Habitat Stewardship Program for Species at Risk
ICT	information and communications technology
IRDPP	Industrial and Regional Development Program
LFE	large final emitter [of carbon dioxide]
LICO	low-income cut-off [a Statistics Canada measure]
LIM	low-income measure
MBM	market basket measure [a Human Resources Development Canada measure]
MFR	Maison Familiale Rurale
MIC	Major Infrastructure Component [of the Building Canada Fund]
MIRARCO	Mining Innovation, Rehabilitation and Applied Research Corporation [owned by Laurentian University]
MRC	municipalité régionale de comté
MRIF	Municipal Rural Infrastructure Fund
MSERD	Ministry of State for Economic and Regional Development

NAPO	National Anti-Poverty Organization
NHI	National Homelessness Initiative
OAS	Old Age Security
OECD	Organisation for Economic Co-operation and Development
PERRL	Pilot Emission Removals, Reductions and Learnings Program
PNP	Provincial Nominee Program
RDIP	Regional Development Initiatives Program
RDO	Rural Development Officer
RNH	Rural and Native Housing Program
ROMA	Rural Ontario Municipal Association
RRAP	Residential Rehabilitation Assistance Program
RST	rural and small town [refers to a Statistics Canada definition of “rural”]
SARM	Saskatchewan Association of Rural Municipalities
UI	Unemployment Insurance
WD	Western Economic Diversification Canada
WITB	working income tax benefit
WTO	World Trade Organization