

Canada's Rural Economic Development Strategy:

Progress Report

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INTRODUCTION:

Rural communities produce approximately 30% of Canada's Gross Domestic Product, with 220,000 rural businesses representing nearly 17% of Canada's employers. When rural communities and rural Canadians succeed, all of Canada is made stronger. Especially now, as Canada continues to manage and begin to recover from the COVID-19 pandemic, it is more important than ever before that rural communities are strong, vibrant and inclusive places to call home.

In June 2019, the Government of Canada released Rural Opportunity, National Prosperity An Economic Development Strategy for Rural Canada – the first comprehensive federal document to provide a roadmap for supporting rural communities. This strategy complements the Government of Canada's plan for growing the middle class, strengthening the economy, advancing reconciliation with Indigenous peoples, and supporting diversity and inclusion across the country.

This document provides an update on the progress made to date on key priorities identified in the Strategy. Since 2015, investments in rural Canada have improved quality of life and helped rural economies diversify and compete in a changing world, including through:

- Developing Canada's first Internet connectivity strategy, which includes more than \$7.2 billion in federal funding and will connect 98 percent of underserved Canadians to Broadband speeds by 2026 with the balance connected by 2030;
- Investing over \$14 billion in infrastructure in rural communities providing improved food security, more reliable road, air and marine infrastructure, more efficient and reliable energy sources; and improved education and health facilities;
- Helping to address housing pressures by building or renovating over 9000 units of affordable housing in rural and Indigenous communities;
- Investing over \$890 million in 34 projects that will address and mitigate climate change in rural communities helping to keep residents safer, businesses open, and improving environmental stewardship; and
- Implementing program and policies designed to support stronger and more diverse rural economies, including through investments in childcare, supports for local small and medium businesses and programs that help attract newcomer talent to smaller communities.



Through the Rural Economic Development Strategy, the Government of Canada is working closely with rural communities to build on existing investments and identify improvements that could be made to programs, policies, and future investments to benefit rural communities. It is a long-term plan that will help build stronger and more vibrant rural communities from coast-to-coast-to-coast, while also helping to deal with shorter term challenges that require urgent attention.

In March 2020, the COVID-19 pandemic disrupted all aspects of daily life. At the peak of its impact in Spring 2020, the Canadian economy had lost more than 329,000 rural jobs. Statistics Canada's Canadian Survey on Business Conditions reported that, as compared to urban businesses, only half the share of rural businesses make more than 30% of their sales online (4.2% vs 8.9% in 2019; 6.3% vs 13.2% in 2020). The rising costs of inputs was the most common concern for rural businesses through the pandemic, with 40% of businesses citing this as an obstacle, a much larger share as compared to urban businesses.

In responding to the pandemic, the Government of Canada took into account the needs and experiences of rural Canadians. New initiatives, including the Regional Recovery and Relief Fund and the Northern Business Relief Fund were launched, and changes were made to existing federal programs to ensure they met rural needs. Flexible funding was provided through a new COVID-19 Resilience Stream of the Investing in Canada Infrastructure Program, and \$2.2 billion in additional funding was provided to municipalities through the Canada Community-Building Fund (formerly the Gas Tax Fund).

In the coming years, the Government of Canada will maintain its commitment to strong and resilient rural communities and continue to make strategic investments in the priorities that rural communities identify as key to their economic development and success.

Improving Connectivity for Rural Canadians

All Canadians, no matter where they live, need access to reliable, affordable, high-speed internet and mobile connectivity. Overwhelmingly, rural and remote communities have identified challenges accessing affordable, high-speed internet as the number one issue impeding their economic growth. Additionally, the lack of mobile connectivity/ cell gaps continue to put people in situations where if needed, they have no means to call for help. Through Canada's Connectivity Strategy, the Government of Canada is helping to connect every Canadian to affordable, high-speed internet no matter where they live.

In 2019, just 46% of rural households had access to internet speeds of 50 Megabits per second (Mbps) download / 10 Mbps upload (50/10Mbps), compared with 99% of urban households. Since 2015, the Government of Canada has made available over \$7.2 billion to close this unacceptable gap in service. To date, federal investments are supporting 367 broadband projects that will connect 957,000 households across Canada. Of these, 132 projects are already online and providing service to 175,000 households with an additional 260,000 households anticipated to be connected by the end of this year.

To support this work, the government launched the Universal Broadband Fund (UBF) in November 2020 to bring high-speed internet to rural and remote communities. With Budget 2021, the now \$2.75 billion UBF will help connect 98% of Canadians to high-speed internet by 2026, and 100% of Canadians by 2030. The Universal Broadband Fund includes a Rapid Response Stream to which \$150 million is



dedicated for projects that can be started and completed quickly. As of the date of publication, projects are underway across the country.

The Government of Canada has taken great care to ensure that Indigenous communities are also getting connected. As of March 31, 2021, federal funding for Indigenous broadband infrastructure over the past 7 years has improved connectivity for 31,000 Indigenous households, with the potential of connecting a total of 83,000 households.

The problem of cellular gaps between communities is also recognized in the report from the National Inquiry into Missing and Murdered Indigenous Women and Girls. The Universal Broadband Fund addresses this by including \$50 million for cellular projects that will benefit Indigenous peoples. This investment is key to ensuring women, especially Indigenous women, who are not safe can call for help and receive the services they need to ensure their safety and security. For example, in April 2021, the Government of Canada announced its partnership with the British Columbia government and Rogers Communications to provide 100% mobile coverage along the Highway of Tears. This federal investment will see 12 new cellular towers built between Prince Rupert and Moricetown. These towers will eliminate all connectivity gaps along Highway 16 by October 2022. This improvement in cellular service will offer an important lifeline for travelers.

#RuralOpportunity

Now that construction of broadband infrastructure in Norfolk County, Ontario is complete, more than 900 residents and local businesses have access to fast, reliable internet. The Governments of Canada

and Ontario each committed \$690,000 to fund the broadband network expansion to create more economic and educational opportunities in rural and remote areas of the country. The contracts to expand fibre-optic broadband services in the community were awarded by Southwestern Integrated Fibre Technology (SWIFT) Inc, a not-for-profit corporation initiated by local municipalities to address connectivity in Southwestern Ontario. To date, more than 3,190 households and businesses in Southwestern Ontario have received access to improved broadband.



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Building and Renovating Infrastructure for Stronger Communities

One in five Canadians live in rural communities that represent 98% of Canada's land mass. Often, long distances from urban centres and challenging terrain means that rural infrastructure, including roads, power systems, water treatment plants, and community buildings can be proportionately more expensive to build and maintain than in urban centres. The Investing in Canada Plan delivers investments through programs administered by over 20 federal departments and agencies, working closely with provinces, territories, municipalities and Indigenous Peoples. Many of these benefit rural Canadians, such as the more than 4000 km of new or repaired roads that have been funded under the Plan since 2015.

As one part of the Investing in Canada Plan, the Investing in Canada Infrastructure Program includes funding that benefits rural communities, including 1,962 projects that range from new and upgraded wastewater treatment plants funded by the Green Infrastructure Stream to community sports and recreation centres funded by the Community, Culture and Recreation Stream. Further, to address the unique infrastructure needs of rural and northern communities, the Rural and Northern Infrastructure Stream (RNIS) provides \$2.4 billion, including \$400 million through the Arctic Energy Fund, for the wide-ranging infrastructure priorities of small, rural and remote communities. To date, over \$1.1 billion has been provided under RNIS for 410 projects for improved food security, more reliable road, air and

marine infrastructure, improved broadband connectivity; more efficient and/or reliable energy; and improved education and health facilities.

Building Affordable and Appropriate Housing Options

In rural Canada, 24% of residents are unable to find affordable, quality rental housing, a figure that represents twice the national average. Community housing is also important in rural communities because there are fewer opportunities to incent private developers to incorporate low-income housing in their projects, as compared to urban areas. Local economies also need adequate housing options to help attract and retain workers and support business investment.

Under the Investing in Canada Plan, Canadians living in communities with fewer than 10,000 people have benefitted from more than 4300 units of affordable housing built since 2015.

The Rural and Native Housing Program is designed to help low-income families in rural areas to obtain suitable, adequate and affordable rental housing. As of December 31, 2020, CMHC has committed over \$8 million in support of over 2,400 households.

As of March 31, 2021, the National Housing Strategy has made commitments through the National Housing Co-Investment Fund, Rental Construction Financing initiative, and the Rapid Housing Initiative for the construction of 2,270 units in rural areas, of which 1,950 units are affordable. Together, this represents a combined commitment of almost \$400 million.

In total, across Government of Canada programs, more than 14,000 units of housing have been built or renovated in rural communities since 2015.



Improving Rural Climate Resilience

Rural communities are extremely vulnerable to the intensifying weather events and natural disasters, such as wildfires and floods that are associated with climate change. These communities are small, with few resources for disaster management, and many rural residents live and work closely with their natural environment.

The Government of Canada is delivering funding programs that help rural communities reduce greenhouse gas emissions and manage the increasing risk from natural hazards, such as floods, wildfires and droughts. Since the program's launch in 2018, the Disaster Mitigation Adaptation Fund (DMAF), managed by Infrastructure Canada, has announced over \$891 million for 34 projects in rural communities. Each of these projects will help protect rural Canadians, their homes and their businesses, and reduce the long-term costs associated with replacing infrastructure after natural disasters.

In Budget 2021, an additional \$1.375 billion over 12 years was announced to renew the DMAF. Of this amount, a minimum of \$138 million is allocated to Indigenous Recipients. This new funding will be delivered through two streams, with \$670 million allocated to the small-scale project stream (projects with total eligible costs between \$1 million and \$20 million) and the remaining funding allocated to the large-scale project stream (projects with total eligible costs of \$20 million or more). This distinction will help ensure more small communities can apply for and receive funding.

Additionally, the Green Municipal Fund, delivered by the Federation of Canadian Municipalities (FCM), supports initiatives that help local governments make smart, data-driven decisions about key infrastructure. Since 2000, the Green Municipal Fund has funded more than 1,360 municipal sustainability projects and hundreds of proven solutions are being scaled in five sectors across Canada: energy, transportation, waste, water and brownfield redevelopment.



#RuralOpportunity

When a landslide was triggered in Peace River, Alberta in June 2016, it significantly impacted utility lines, roadways and buildings surrounding the 99 Street slope. To better protect the community from such natural hazards, the governments of Canada and Alberta invested \$6.7 million in joint funding to support disaster mitigating infrastructure. These funds from the Investing in Canada Plan's New Building Canada Fund helped build an anchored wall along the top and bottom of the slope to stabilize the upper and lower slide masses. The affected water and sewer lines were also repositioned under 99 Street, and the water flow rerouted to ensure local residents have reliable water and sewer services. Today, the residents of Peace River are better protected against natural hazards in a way that also safeguards the social and economic well-being of their community.



ON PROTECTING THE COMMUNITY FROM NATURAL HAZARDS...

"The 2016 landslide left utility lines, roadways, and buildings surrounding the 99 Street slope at considerable risk. We're very grateful for both the federal and provincial support for this work, which will address the risks of future landslides in this area."

– Peace River Mayor Tom Tarpey

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Building Vibrant and Diverse Rural Economies

Canada's rural communities are closely linked to key industries that support all Canadians, including agriculture, manufacturing, and natural resources. They provide vital goods and services that families across the country need.

Rural businesses and entrepreneurs are supported through the national Community Futures Program (CFP). Through CFP, the Regional Development Agencies (RDAs) provide operating funds to Canada's Community Futures Organizations who provide business services, business loans and strategic economic planning advice to non-Metropolitan SMEs and entrepreneurs, and are key partners in the regions, offering on-the-ground access and intelligence.



The full and equal participation of women in the economy is essential to Canada's competitiveness. The Government of Canada has addressed women's economic empowerment through initiatives such as the Women Entrepreneurship Strategy (the Strategy), providing a total of \$30 million to women-owned and led businesses across Canada to grow and reach new markets, across more than 300 projects, including \$2.5 million for Indigenous women entrepreneurs.

The Government of Canada also recognizes there are extra challenges faced by families with children living in rural or remote locations, including limited access to child care services. Addressing the needs of families in these areas will be part of the work ahead. That's why the Government of Canada is making a transformative investment totaling up to \$30 billion over the next five years to build a Canada-wide early learning and child care system, and combined with previous investments announced since 2015, \$9.2 billion every year, permanently for Early Learning and Child Care and Indigenous Early Learning and Child Care. This investment will allow governments to work together towards achieving an average parent fee of \$10 a day by 2025–2026 for all regulated child care spaces, starting with a 50 percent reduction in average fees for regulated early learning and child care spaces by the end of 2022.

Canada has implemented several economic immigration pilots to test innovative and community-driven approaches to address diverse labour and demographic needs across the country, including in rural areas. The Government of Canada is helping smaller communities across Canada attract and retain skilled immigrants to their regions to fill labour shortages and support economic development. Building on lessons learned from the Atlantic Immigration Pilot, the Rural and Northern Immigration Pilot is testing the effects of aligning immigration with community-wide economic development priorities, by working directly with community partners. Entering its second year, all communities have now successfully launched their programs, and while COVID-19 has impacted recruiting and processing, as of May 31, 2021, a total of 21 applicants and their families have settled in the communities, contributing to their economic development and recovery with jobs in key sectors such as healthcare, technology and hospitality. An additional 27 applicants (and families) have been approved and are ready to land, and more than 289 applications (representing 529 people) are at different processing stages.

Support for Rural Communities during the COVID-19 Pandemic

Canada's COVID-19 Economic Response Plan has helped rural businesses stay open and pay their workers. Launched in April 2020, the Regional Relief and Recovery Fund (RRRF) is a support program for Canada's small businesses suffering from the effects of the COVID-19 pandemic. In October 2020, the Fall Economic Statement included a top-up of up to \$500 million, bringing total funding to over \$2 billion in this fund. As of June 2021, the RRRF has approved nearly \$1.8 billion in funding, of which nearly \$683 million was provided to more than 14,700 rural businesses.

These funds were distributed by Regional Development Agencies and Community Futures Organizations, and have helped rural and remote businesses and communities maintain more than 89,000 jobs. In addition, the Northern Business Relief Fund (NBRF), delivered in the territories by the Canadian Northern Economic Development Agency, provided immediate non-repayable support to SMEs, focusing on the individual business' need for relief and with a complementary approach to territorial governments and Indigenous organizations.



Canada Economic Development for Quebec Regions (CED) has granted more than \$123 million to Community Futures Organizations (CFOs) and Business Development Centres (BDCs) under the Regional Relief and Recovery Fund (March 31, 2021). With this funding, Quebec's CFOs have supported more than 6,200 businesses affected by the impacts of COVID-19 in all rural regions of the province. As well, nearly 1,900 technical assistance projects were carried out with the support of local experts to maintain their operations, transform and position themselves for the digital future.

The rural context has also informed program changes made during the pandemic. In August 2020, Investing In Canada Infrastructure Program funds were amended to include a time-limited COVID-19 Resilience stream, with expanded eligibilities and accelerated approvals. The COVID-19 Resilience stream was created to fund quick-start, short-term projects that might not otherwise be eligible under the existing funding streams. To date, 1770 projects have been approved under the COVID-19 Resilience stream, representing a federal investment of over \$1.5 billion. To provide more flexibility in response to COVID-19, the Rural and Northern Infrastructure stream was also expanded to include eligibility of mobile/cellular projects that are important for rural realities.

#RuralOpportunity

Founded in 2018 in Tobique First Nation, Wabanaki Maple is a 100% Indigenous and female-owned company that specializes in premium maple syrup. The company ages and transforms raw maple syrup using previously poured spirit barrels and natural toasted oak barrels. The syrup is then bottled and packaged by hand in their facility. Prior to COVID-19, Wabanaki Maple enjoyed a full and successful year of operations, participating at a variety of farmer's markets and special events followed by the launch of their website and ecommerce store. Then, the pandemic hit. Despite the restrictions at hand, with support from the Regional Relief and Recovery Fund, the company was able to adapt their operations by transitioning into virtual markets and events, while also expanding their online and social media presence. "We need to be willing to adapt," stated Jolene Laskey, CEO and President of Wabanaki Maple. "In these times, it's important that we keep an open perspective about what we may or may not have to do in the future to continue building our brand." With this outlook, Wabanaki Maple is looking forward to engaging in new collaborations and is hoping to incorporate new items into their product line.



ON HAVING A POSITIVE IMPACT IN ATLANTIC CANADA...

"We're striving to create and contribute to economic growth and development, both within our Indigenous communities and throughout our province."

– Jolene Laskey, CEO and President of Wabanaki Maple

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NEXT STEPS:

The Rural Economic Development Strategy is a roadmap for strong and resilient rural communities, and we're still only at the beginning.

New long-term investments will continue to consider the needs and circumstances of small communities. However, a lack of rural data and local insights can make this work difficult. To address this need, the Center for Rural Economic Development, housed at Infrastructure Canada, has partnered with Statistics Canada to improve community level rural data reporting. Expected to launch by fall 2021, a Rural Data Hub on the Statistics Canada website will offer easy access to key rural data, indicators, and analysis.

In addition to continued investment in roads, bridges, and built infrastructure, new programs delivered by Infrastructure Canada will address rural needs.

The Rural Transit Solutions Fund is the first federal fund to target the development of transit solutions in rural communities. It will provide \$250 million in federal funding to support locally-driven and right fit transit solutions that will help people living in rural communities get to work, school, doctor's appointments, run errands and visit friends.

To continue to address climate challenges, the \$1.5 billion Green and Inclusive Community Buildings (GICB) program provides direct funding to communities, including rural and remote communities to build new community buildings and improve existing ones, while also making the buildings more energy efficient, lower carbon, more resilient, and higher performing.

As an example of additional programming to support vibrant economies, the Canada Community Revitalization Fund (CCRF) aims to help communities across Canada build and improve community infrastructure projects so they can rebound from the effect of the COVID-19 pandemic. This initiative is delivered by the federal Regional Development Agencies (RDAs) and application guides are available on their respective websites.

Tourism is a growing industry with 56% of tourism jobs in rural areas. Rural enterprises have built-in advantages based on their locations and natural attributes, and there is a growing interest in developing new opportunities in eco-tourism, food-based tourism, and authentic Indigenous experiences. Launched in July 2021, the Tourism Relief Fund (TRF) administered by RDAs and Innovation, Science and Economic Development (ISED) will provide \$500 million over two years to support tourism-related businesses. The Fund will help businesses highly impacted by COVID to reposition themselves by adapting their products and services to adjust to public health requirements, while planning for, and investing in, future growth.

Bolstering these efforts, the Jobs and Growth Fund (JGF) is a \$700-million program being delivered by the RDAs to support regional job creation and position local economies for long-term growth. The fund will help job creators and the organizations that support them future-proof their businesses, build resiliency and prepare for growth by:

- supporting the transition to a green economy

- fostering an inclusive recovery
- enhancing Canada's competitiveness through digital adoption to improve productivity and manufacturing processes
- strengthening capacity in sectors critical to Canada's recovery and growth

Together, these actions will ensure that Canada's rural and remote communities can build back better, realize new opportunities, and remain vibrant places to learn, live and work.

Information about federal programs can be accessed here:

Investing in Canada Infrastructure Program

<https://www.infrastructure.gc.ca/plan/about-invest-apropos-eng.html>

Green and Inclusive Community Buildings (GICB)

<https://www.infrastructure.gc.ca/gicb-bcvi/index-eng.html>

Canada Community Revitalization Fund (CCRF)

<https://www.wd-deo.gc.ca/eng/20175.asp>

Tourism Relief Fund (TRF)

<https://www.ic.gc.ca/eic/site/icgc.nsf/eng/07736.html>

Jobs and Growth Fund (JGF)

<https://www.ic.gc.ca/eic/site/icgc.nsf/eng/07737.html>