

Supply

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm): Mr. Speaker, every year, the report of the Auditor General of Canada is tabled in the House of Commons. The report is in the news for the first few weeks, but then interest wanes, so that for all practical purposes, the Auditor General's report sits gathering dust on the shelves in government departments.

However, I see many items in this report that could be followed up and would help the government improve its policies in a number of areas.

Instead of engaging in pre-budgetary window dressing, the Liberal government would do well to examine and memorize the annual horror stories in the Auditor General's reports and rectify these situations immediately.

As you know, in Quebec and Canada, whether the Liberals or the Conservatives are in power, we are facing a financial situation that is very bleak. I think we should realize this when we look at Canada's finances.

Especially in a federation or a confederation, and I think some time my hon. friends opposite, my Canadian friends, will have to explain the difference between these two terms, because some Liberals have been asking Bloc members about the difference between separation and sovereignty for Quebec. I think they ought to realize that what Quebec wants is sovereignty and decide what the terms federation and Confederation mean, because it is rather confusing. Canadians, and especially Quebecers, tend to confuse these terms.

• (1615)

In any case, I was saying that the government should act on the recommendations of the Auditor General if it really wants to put its financial house in order. However, that may be wishful thinking. There are aspects to this nice, shiny, federal system on the verge of bankruptcy which are faintly ridiculous, and I mean ridiculous, and I will explain why.

Goodies have to be handed out to support our precious and costly Canadian unity. I found one of these ridiculous aspects when I looked at the Auditor General's reports for the past few years. My example only concerns the portfolio for which I was appointed official critic, the Department of the Solicitor General of Canada.

In Canada, national generosity as an approach to RCMP expenditures is costing the federal Treasury millions of dollars. First of all, the hon. member should realize that through contractual arrangements, the RCMP provides police services in eight provinces, the two territories and 191 municipalities, except for Quebec and Ontario which do not benefit directly from all this largesse.

This means that in addition to its federal police function, the RCMP provides provincial policing for about 40 per cent of the Canadian population and municipal policing for about 20 per cent of the same population. For some Canadians, the RCMP is the only police they know. Theoretically there is nothing wrong with this, but it costs millions, and if this generous system, introduced by the Liberals and the Conservatives, contributes to the deficit, there is a problem.

Upon reading the Auditor General's report for 1992, we soon realize there is a problem with this system. The RCMP provides provincial and municipal policing at below cost as calculated by the Auditor General in his 1992 report.

Ever since the government entered into contract policing, it has been charging provinces and municipalities for RCMP services. However, as the Auditor General pointed out in his report: "The federal government has never attempted to recover the full cost of providing these services". We read this on page 532.

The federal government does not compute the real cost of these services but negotiates a cost base with the provinces. Actually, the provinces and municipalities pay only a percentage of the negotiated cost base. Usually, it is between 70 and 90 per cent of the real cost. The government uses the theoretical cost base negotiated by the parties to charge the provinces and the municipalities that benefit under the system.

The federal government is losing a lot of money with this approach. The contract signed in April 1992 is a 20-year agreement, and there is a faintly ridiculous aspect to this contract as well, because it can only be reviewed every five years and the adjustments require unanimous agreement by the parties.

The new cost base works out to about \$800 million annually, while the real cost, according to the Auditor General, is between \$900 million and \$950 million. The real cost, which represents a difference of \$100 million to \$150 million was calculated by the Auditor General according to the guidelines outlined in the Treasury Board's guide to the costing of outputs.

Still according to the Auditor General, it appears that the federal government, in this case the Department of the Solicitor General, does not include some major cost items such as departmental administration at headquarters, EDP services, office rental and certain employee benefits paid by the federal government. The list is much longer on page 533 of the Auditor General's report, which I think the government would do well to read in preparation for its upcoming budget.

As I said before, for the duration of the 20 year contract, the agreement, which is reviewed every five years, cannot be adjusted without the mutual consent of the federal government and the provinces. Generally speaking, the provinces agree to pay only those new expenses they believe are appropriate.