

Environmental Affairs

of Finance so that when he brings down his Budget on February 10 there is a major component for municipal rebuilding programs. The studies show that the federal contribution will be repaid 100 per cent through increased income taxes of people working in the regions and through reduced pay-outs from the Unemployment Insurance Commission. It makes sense for the environment. It makes sense for employment. It makes sense for Canada.

• (1510)

[Translation]

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, if the motion introduced by the Hon. Member for Ottawa-Vanier (Mr. Gauthier) gives rise to a certain concern about the protection and conservation of water resources in Canada for the benefit of all Canadians, I can then say that I share his concern.

Throughout Canada, municipalities have to make do with ageing purification stations and distribution systems which do not provide to Canadians the safe water they need and to which they are entitled.

However, if it is relatively easy to grasp the problem, it is not so easy to find valid solutions at reasonable cost. This is indeed a matter that has lost nothing in complexity since the building of our first water systems in the middle of the 19th century. Even the majority of our so-called modern water systems date from the end of World War II. The construction of most of our sewer systems dates from the middle-50's. The whole system is obsolete and nearing the end of its useful lifespan. Worse still, a large number of communities, including large cities, do not even have sewage treatment systems.

We must do better. The question is how to pay the bill. The construction and maintenance of a water infrastructure is costly by definition. Municipal authorities always found it difficult to increase tax. That was already the feeling during the golden days of the sixties when public expenditures were a matter of pride. Nowadays, in the eighties, city counsellors find it almost impossible to ask more from ratepayers. In their minds, it is still more difficult to do so for water systems because, contrary to services such as childcare or schools, water is literally an invisible commodity. Not only it is not seen, but it is taken for granted and therefore not a concern.

Requests for funds keep increasing despite the lack of a federal program in that area and of federal funding for that kind of program. And to be frank, in view of the fact the federal Government is head over ears in debt, it finds it impossible at this point to announce billion-dollar national programs to fund municipal water treatment projects which, under the Constitution and according to the provinces themselves, are not a federal matter.

At a time when the federal Government must face many high-priority problems, it is indeed unrealistic to expect more large federal expenditures to fund municipal water treatment plants. I said "more expenditures" because the Government is

already injecting tens of millions of dollars in order to help provinces provide such essential services. It is doing it either directly through special projects, or indirectly through large transfer and federal tax exemption schemes. We simply cannot afford to increase our financial participation.

Let us look at the facts. Each year, the Government of Canada has to face a \$30 to \$35 billion deficit. The national debt has grown to \$300 billion.

In 1975, debt servicing accounted for only 12 cents out of each dollar spent by the Government. Today, it is 33 cents. By contrast, provinces only allocate 12 cents out of each tax dollar to debt servicing while municipalities pay less than 9 cents.

In Canada, the federal Government is the level of government that has the least fiscal flexibility. It is unable to pay its own bills and cannot therefore pay those of others. In fact, we are speaking of such huge expenditures that no single government has enough reserves to afford them. Provinces and municipalities are better placed than the federal Government to get new loans for water distribution and treatment plants.

If we manage to justify expanding the federal Government's role at the municipal level, it will be necessary to work through existing federal programs. This could be done, for instance, by using a formula similar to that used for regional economic development agreements, a mechanism that has worked well in other areas.

However, I think we have to ask ourselves whether requesting federal subsidies for municipal facilities is a reflection of sensible public policy or just another way "to pass the buck". We could also ask whether the reluctance of other levels of government to deal with this responsibility will not in fact perpetuate poor water management in Canada by making it easier to avoid realistic solutions.

In my view, if we truly want to find a solution, we must look at the basic problem of over-consumption and abuse of our water resources. The inevitable conclusion is that, unfortunately, we do not have a realistic pricing system. The problem in a nutshell is that today, only a few Canadians pay water rates that reflect actual cost. When water is cheap, it is taken for granted. And like anything that is taken for granted, it tends to be wasted.

In Europe, where the price of water is four times as high as it is in Canada, per capita consumption is less than half. In the Durham area, in Ontario, per capita consumption dropped 20 per cent between 1975 and 1983, when a realistic pricing system was in effect. When the first water meters made their appearance in Kingston in 1954, per capita consumption dropped by more than one third.

Other industrialized nations have applied this principle and asked their users to pay the capital costs for the water distribution and sewage collecting systems as well as their costs of operation. Canada has yet to apply this principle. Although tax benefits and Government subsidies are granted