

An address by the Prime Minister on commitments to communities

June 2, 2006
Montreal, QC

Introduction

Good day Ladies and Gentlemen.

Thank you Gloria (Kovach) for that kind introduction.

I would like to acknowledge our kind host, Mayor Gérald Tremblay.

Two members of my Quebec caucus are here today, The Honourable Michael Fortier, Minister of Public Works and Government Services, Senator Pierre-Claude Nolin. As well as two of my MPs from Alberta, James Rajotte and Rahim Jaffer. Please give them a round of applause.

I am very pleased to have this opportunity to speak to the Federation of Canadian Municipalities once again. We have a lot to talk about.

When I spoke to you last June in St. John's, I was the leader of the Opposition. I shared with you some ideas on important issues facing our country.

I outlined our vision for the future. How we would strengthen Canada. How we would govern the country. And how we would turn over a new leaf in Ottawa. At the time, of course, we were not yet the government. So we couldn't deliver on those promises. But all that changed on January 23rd.

Canadians voted to put the past behind them. And asked our party to lead the country into the future. They were fed up with scandals. Fed up with inaction. Fed up with a government they felt had been in power too long. So they made a change. And asked us to form a new government.

Change is what we promised to Canadians. A change in direction. A change in style. And change is what we are beginning to deliver.

Today I would like to speak to you about how our plan for change will affect community leaders like yourselves from across Canada. Though we work in different levels of government. We're answerable to the same taxpayer. And these taxpayers are clear about what they want.

Quality public services.

Prosperity and a strong economy.

Safe streets and healthy neighbourhoods.

And all with taxes that are modest and fair.

You are on the front lines of government. Delivering essential services like police, ambulance and fire protection. You keep the buses running, the streets paved and the parks and playgrounds clean and green. Day and night, you respond to calls. Calls from angry citizens demanding that their roads be ploughed. That someone make the neighbour's dog quit yapping. That a streetlamp bulb be changed.

And you do a fine job - often for little money or acclaim. But you do it because you care. Care about the communities you call home. And Canada is stronger because of your dedication.

My job is different. First of all, I have a few more media to deal with. Often graduates of city hall beats. Thanks, by the way, for that contribution. But like you I also take calls. Calls demanding transfer payments. Troop deployments or trade deals. But in the end, we serve the same masters. And are judged by them.

So, as I said, we have much to talk about. About how we're going to move forward. As municipalities. As provinces. And, most importantly, I hope you all agree, as a country. In any government, delivering on commitments requires team work. At the federal and provincial levels, team work is constitutionally required by our system of government.

And I am proud to be supported by a strong Cabinet. People like Lawrence Cannon, Minister of Transport, Infrastructure and Communities. He's doing important work, and I can't think of anyone more qualified to do it. In addition to his stint in the Quebec National Assembly, Lawrence was a Gatineau city councillor just prior to the election. In that capacity, he chaired the local transportation council. I'm proud of Lawrence, who is part of my team in Ottawa. He gives Canada's communities a strong voice at the Cabinet table.

Another minister who is vital to the issues we share is Finance Minister Jim Flaherty. The man who holds the purse strings. Many of you know him already. He consulted with you prior to the budget - and he listened. Accordingly, the budget and our overall agenda as a government focus on important questions for Canada's municipalities. As a result, in the budget there's unprecedented funding for infrastructure. Funding for immigrant settlement and support. Funding for the fight against crime. Funding for the environment. And funding for affordable housing. As you asked, there are stable, long-term funding commitments. Including \$16.5 billion for new infrastructure investments over the next four years. We increased funding for upgrades to our highways and border crossings: a total of \$2.4 billion over the next five years. We invested nearly \$600 million as part of the Pacific Gateway initiative

For roads, bridges and ports that will link British Columbia, and through it all of Canada, to fast-growing Asian markets. We set aside another \$2 billion for strategic investments in much-needed projects such as highways, urban transit, sewage treatment and flood mitigation.

We are renewing the municipal rural infrastructure fund with an injection of \$2.2 billion. We are also honouring the commitment under the New Deal for Cities and Communities to maintain the gas tax transfer - the equivalent of 5 cents a litre, worth \$5 billion over five years. And we're continuing the 100 percent GST rebates - or the federal portion of the HST - to municipal governments.

But there's more. Effective policing is tremendously important to your constituents. Especially now because of increasingly violent drug- and gang-related crime on our streets. Innocent bystanders killed in shootouts on Yonge street; lethal street-racing in Vancouver; Biker wars in Ontario and Quebec. That's why we're spending \$161 million to hire 1,000 new RCMP officers and federal prosecutors. We're also taking action to stop gun smuggling at the border, and investing \$50 million in programs aimed at preventing young people from succumbing to crime in the first place. Moreover, to make sure the violent criminals the police take off your streets stay off your streets, we're reforming sentencing rules.

We are instituting tough mandatory prison sentences for gun crimes. And we are ending conditional sentences - house arrest - for serious crimes - to make sure that serious crimes are punished with serious time. Our government also recognizes that Canada's cities attract the lion's share of immigrants who come to our country seeking economic opportunity and a better way of life. To ease their integration into Canadian society, we have cut the right of permanent residence fee in half. That will leave an extra \$500 in the pockets of new Canadians when they begin their lives in Canada. More than \$300 million, meanwhile, has been earmarked for immigrant settlement organizations to help new Canadians get started in this country:

To help them learn Canada's official languages and find their place in our economy and society. All this is in pursuit of one goal: to ensure that new Canadians can contribute fully to your communities. We're also investing in affordable housing, for both urban and rural communities. Up to \$800 million is dedicated to meeting the growing demand for affordable housing in our cities. And up to \$300 million is targeted specifically at improving housing for Aboriginal Canadians who live off-reserve. An equal amount will go to meet the acute housing shortages of natives who live on reserves, And their urgent need for improved water and sanitation services will be addressed by the municipal rural infrastructure fund.

The fund seeks to ensure that all Canadians - urban or rural, native or non-native - share in the benefits of our infrastructure investments, The very things that make our communities great places to live. But these investments don't address the number one concern of a lot of our communities - particularly larger ones.

Many of them are worried about how liveable their cities are - and will be - as they get bigger and busier. They're frustrated about freeway gridlock, and they're anxious about air quality. I note that the report of the big city mayors calls for a national public transit program. That's why we're investing up to \$1.3 billion in urban public transit, and an estimated \$1.1 billion over five years on the new tax credit for those who use the bus, subway and LRT. This will mean fewer cars on our roads, reduced exhaust emissions and cleaner air. But that's just part of our environmental strategy.

Last month, my Ministers of Agriculture, Natural Resources and the Environment met with their provincial counterparts in Regina. I'm pleased to report that they agreed to set a national target of 5% renewable biofuel content in Canadian gasoline and diesel by 2010. Developing energy from grain, corn and other plant material will create new opportunities for farmers and the rural communities that depend on them, and cleaner-burning fuel will be good for all of us. Canada's cities are already considered among the cleanest and healthiest in the world. We are determined that they will not only stay that way But that they'll get even better. And that's what our budget and our government are all about - concrete results and

real improvements. Having reviewed some of the key actions we've taken that I know are of concern to you, I now want to talk more broadly about financial relations between governments in Canada.

Of course, in a perfectly balanced federation, the different levels of government wouldn't be constantly haggling with each other over taxpayers' money. Each of us would have clearly defined responsibilities, and the resources to meet them. I hope you would still invite me to your conferences, but we would have to find something to talk about other than funding deals, transfer payments and fiscal imbalance. This discussion is, however, a direct consequence of the situation that developed over the past decade. A decade in which Ottawa finally balanced its books, but did so largely by downloading the problem to provincial governments, which, in turn, often did the same to their municipalities. At the same time, for decades - and especially in recent years - Ottawa has stuck its nose into provincial and local matters.

Into areas where they didn't have much expertise. While at the same time neglecting what it had to do. Accordingly, our roles and responsibilities in our respective areas of jurisdiction have become muddled. Our budget arrangements are out of whack. And our political relations are tense. Now that Ottawa and most of the provinces have put their fiscal house in order, we must ensure predictable, long-term funding for all levels of government so that the massive reductions of the 1990s remain a thing of the past.

The issue of the fiscal imbalance is straight-forward. Ottawa was awash in multi-billion dollar surpluses even after extraordinary instances of waste, mismanagement and scandal while provinces and municipalities faced deficits in providing core services. Our party was the first to call for action on Canada's fiscal imbalance. That's why we long ago recognized the needs of municipalities for new funds to deal with your growing infrastructure deficits. That's why we supported the municipal GST rebate and why, many years back, we first proposed and advocated the gas tax transfer. These were important - even historic - steps toward greater fiscal autonomy for civic government. Back in January, we made a commitment that a Conservative government would immediately begin consultations with the provinces, territories and the municipalities to deal with the issue of the fiscal imbalance. The commitment was reaffirmed in our Speech from the Throne. It was acted on in Budget 2006. And, I am pleased to report, substantial progress has already been achieved. Let me be clear about how it has been achieved. First, through greater integrity and transparency in our budget documents

Which will be bolstered by the creation of an independent Parliamentary Budget Office. Hidden federal surpluses will be a thing of the past. Second, should there be unanticipated surpluses, we have made it clear that we are prepared to discuss formulas for sharing these with the provinces.

But, in any case, due to our decision to vacate significant federal tax room in the personal, business and consumption tax areas, we do not anticipate large federal surpluses in the future. Third, this open tax room, combined with the enhanced transfers we have provided the provinces now means they clearly have the capacity to run surpluses themselves. Indeed, most of them already are. Lastly, I should also point out that not only are we going ahead with more transfers to the provinces and intruding less into their affairs, but we are also concentrating our new program spending in jurisdictional areas that are clearly federal areas that have long been neglected areas like Aboriginal affairs, border security and our armed

forces. Budget 2006 also included a roadmap to guide future discussions entitled Restoring Fiscal Balance in Canada. As part of discussions this summer and fall about fiscal balance, I have asked Minister Cannon to meet with provinces, territories and municipalities to discuss the federal role in infrastructure.

The federal role must be defined to deal with projects of national significance. Federal funding must be put on a predictable, long-term track. And we must ensure accountability to Canadians for infrastructure investments by all levels of government.

I have also asked Minister Flaherty to meet with the FCM when the next federal budget is being prepared to ensure the perspectives of local governments are reflected. Constitutionally, of course, the federal government must deal with the provinces on many of the issues that are important to you.

But fiscal balance is not just about federal-provincial relations. Ultimately it is about the relationships of all levels of government with our citizens.

And municipalities - represented most broadly by your federation - are a vital partner in this dialogue. But since you will have to deal most directly with the provinces, let me just say that I think a model does exist for relations between our provincial and municipal governments. And it exists right here in the province of Quebec. As you all know, Quebec zealously guards its constitutional responsibilities, including those for municipal affairs. Premier Charest's government is completing the job of fixing the fiscal imbalance of the past decade by developing a fiscal balance partnership agreement with its own municipalities. If there is a model for the future of intergovernmental relations, I think it can be found right here in Quebec. Recently, Premier Charest signed the agreement on a new fiscal and financial partnership with the municipalities. Over the six years of this agreement, funding for Quebec cities will double. The agreement offers them stable, predictable and long-term funding. This will help municipal politicians and officials respond better to the needs of their constituents and plan for the future. As Premier Charest said, the agreement represents a profound change in the province's relationships with municipalities. I think that Quebec is on the right track.

And I recommend you urge your provincial governments to examine the Quebec model closely. In the meantime, we'll do our part. By urging the provinces to meet their obligations to municipalities and by continuing dialogue with both levels of government. I am confident the new spirit of cooperation among all three levels of government will help us serve the interests of all Canadians, no matter where they live.

Conclusion

So there you have it. Our government has listened to your concerns - more importantly we've listened to the concerns of your citizens. And we've begun to take action. We've stimulated spending in the field of infrastructure. We've invested in public transit and affordable housing. We've tackled crime to make our streets safer, and we've taken measures aimed at ensuring stable, predictable and long-term revenues for all levels of government.

We've made significant progress in the past four months, but there is still work to be done. I pledge to you that our government will continue to meet the

commitments it has made to Canadians.

We will continue to work every day, just as you do, to deliver real results for real people. To treat your taxpayers and mine with the respect they deserve. To restore their respect for government, And to earn the trust Canadians have placed in us.

It will not always be easy, Especially in a minority government. So I ask for your assistance in helping us to achieve our shared objectives.

Thank you.

The Prime Minister's Office - Communications