

*Municipal Development and Loan Act*

municipalities, particularly smaller municipalities, which cannot borrow money at the same interest rates as can the larger urban centres. Many of these small municipalities must pay exorbitant rates of interest, if they can borrow money at all, and the absence of any federal municipal loan fund means that many of the more needy communities will be prevented from undertaking much needed municipal works.

We in this party had always hoped the government would establish a permanent municipal bank or municipal loan fund to allow the municipalities to borrow money at reasonable rates of interest. The federal government can borrow more cheaply than the municipalities, and without great cost it could save the municipalities a great deal of money. But even more important it could enable the poorer municipalities to undertake projects which otherwise would be impossible. This is one way in which the government could equalize opportunity as between the different municipalities and they will be disappointed, as are we, that the government has decided not to extend the Municipal Development and Loan Act so as to make this a permanent feature of our Canadian way of life.

[Translation]

**Mr. Réal Caouette (Villeneuve):** Mr. Speaker, the measures taken by the government to assist municipalities through the granting of loans seem to me completely inadequate.

As a matter of fact, if we consider the situation in which most of our municipalities find themselves, we readily realize that they need government assistance all year round and not only during a given period.

The minister has just said that 1,300 municipalities have benefited from such loans and advantages provided under the federal act. He told us also that some municipalities have not undertaken any municipal works because they were unable to complete them by March 31, 1966.

The minister does not say if these municipalities can undertake works now, tomorrow or next week, and benefit from the provisions of the act until September. The hon. minister's statement is not very clear.

In any event, I endorse what the hon. member for Burnaby-Coquitlam (Mr. Douglas) has just said about this municipal development and loan act. I feel this should be a permanent and not merely a temporary measure, because Canadian municipalities do not exist only until March 31, 1966 or September

[Mr. Douglas.]

30, 1966, but problems will still be facing them after that. Therefore, let us help the municipalities by making this act permanent, so that the municipalities may be treated equitably throughout the year.

[English]

**Mr. R. N. Thompson (Red Deer):** Mr. Speaker, I am sure there are many municipalities across the country which will be grateful for the announcement the Minister of Finance has just made. I believe that in so far as the previous act is concerned this new policy will cover the majority of needs where municipalities have not been able to complete projects and claim benefits in accordance with the previous deadline.

However, the need for assistance in financing capital development across this country, particularly as it relates to municipal governments, is urgent. The minister has said that the purpose of this change is to assist in relieving the unemployment situation, but the real need in this country as far as local governments are concerned is not direct relief for unemployment, but money for capital development which cannot be obtained except at exorbitant interest rates. In this regard the tax rate imposed on local taxpayers by many municipalities is made up more in interest charges than for capital for the necessary projects for those communities.

Therefore, Mr. Speaker, I urge upon the Minister of Finance that what we need is a permanent set-up to provide this capital. It would seem much wiser for the government to bring in permanent extension, rather than a temporary provision, which would give the type of assistance the government has given under the municipal loans fund in the past years. The need goes beyond that, and that is why we in the Social Credit party down through the years have asked for a definite and complete municipal financing set-up which we believe could best be done through a municipal development bank as part of the Bank of Canada, where such money could be obtained at a reasonable cost which would give hope of meeting the development needs of the country with some relief to the taxpayers.

[Translation]

**POWER**

MANITOBA—TABLING OF CORRESPONDENCE  
RESPECTING NELSON RIVER

**Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys):** Mr. Speaker, I wish