

## MUNICIPAL IMPROVEMENTS

## AUTHORIZATION OF LOANS TO ASSIST MUNICIPALITIES IN MAKING SELF-LIQUIDATING IMPROVEMENTS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider a proposed resolution to authorize loans not exceeding in the aggregate \$30,000,000 to assist municipalities in making self-liquidating improvements.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. DUNNING: I think a statement is desirable at the outset of the discussion in committee on the resolution. The object of the bill to which this resolution is a preliminary is primarily to provide employment on self-liquidating works; secondly, it is for the purpose of enabling municipalities to finance on easier terms than ever before the erection, extension, renewal or improvement of income-producing or cost-reducing public services. It is an entirely new departure for the federal government to make loans generally direct to municipalities for municipal purposes, but I think it will be agreed that under the present conditions it is desirable that the credit of the dominion should be used wherever it can be used for the purpose of stimulating productive work.

On many occasions when the employment problem has been under discussion in the house there has been practical unanimity of opinion that it is desirable so far as possible to substitute work for relief, and I think I may say that there is practical unanimity of opinion also that the character of the work should be such as to produce revenue sufficient to take care of the cost; in other words, that it is not sound public policy to spend money on public works which do not of themselves earn a revenue wherewith to pay their carrying charges. The object of this bill, therefore, is to extend to municipalities the credit of the dominion on the exceedingly low interest rate of two per cent to enable the municipalities to proceed, as I said before, with the erection, extension, renewal or improvement of self-liquidating municipal projects.

There may be an objection, which I will anticipate now, that the municipality has no constitutional relationship with the parliament of Canada; that the municipalities of Canada are altogether creatures of the provincial legislatures; that the provincial legislatures alone can make laws respecting the conduct of municipal affairs within their borders. To all these I assent. We cannot legislate for any municipality in the Dominion of Canada;

this parliament has no authority so to do. It may be urged that even by extending loans at a low rate of interest for the purpose indicated in this resolution we are interfering with the autonomy of the provinces. When the bill comes down it will be seen that the government seeks to guard against any suggestion of invasion of the autonomous rights of the provinces in this measure by providing that no project will be approved for the purpose of a federal loan unless the project itself has been approved by the government of the province, and secondly that the province guarantees to the dominion the repayment of the loan and the amortization charges by the municipality. There is therefore no compulsion in the law, no invasion of the autonomy of any province, but there is definitely a placing at the disposal of the municipalities of this dominion the credit of the dominion to enable them at lower rates than ever before to do works which in many cases are very much overdue.

Mr. BENNETT: It would be the credit of the dominion and the province, on that statement.

Mr. DUNNING: The credit of the dominion and the province, but the credit of the dominion is extended on terms which involve also a very definite contribution by the dominion to the cost of the enterprise itself. I will come to an estimate a little later of what the extent of the contribution of the dominion is in connection with the scheme. Many municipalities during the last few years have not been able to keep their income-producing services up to date, to make the necessary improvements, betterments, extensions and renewals. The public investment markets have not been available to many of them, partly because of the financial condition of the municipalities themselves, owing to existing high debts, high tax rates and tax arrears. These conditions have led in many cases to high operating and high maintenance charges simply because the money could not be provided for improvements and betterments which might have lowered and would in many cases have lowered costs of operation.

If the measure now proposed will enable productive undertakings to be carried on which, by increasing revenues from those benefiting from the services provided, or by decreasing costs of operation and maintenance, will pay for themselves without imposing an additional burden upon the general taxpayer, its justification, I submit, will be ample. I should emphasize that it is not the intention of the government in proposing this measure to tempt the municipalities into a type of