

Senator CAMPBELL: What specifically do you suggest that the federal Government should do? Do you suggest it should make loans available to the municipalities and finance its undertakings, or enter into the construction industry?

Mr. MOONEY: I would suggest that federal participation could be one of two ways. One, a direct, outright grant for the construction costs of water mains and trunk sewers, or to make available a loan at a moderate rate of interest to cover the cost, and when I use the word "moderate", I means better than moderate.

Senator CAMPBELL: Well, this has been the type of discussion with past governments, has it not?

Mr. MOONEY: We have been discussing this matter of moderate interest rates for municipal capital fund borrowings for a number of years, and we have suggested in the memorandum we left with the Prime Minister back in February that there be established a federal-municipal loan fund that would make available to the municipal governments a capital fund at a low interest rate over an extended period of amortization. If such a fund was available it might well be that it would be the source that the municipalities would borrow from to construct these undertakings.

Senator HORNER: What rate of interest would you suggest, 2 per cent?

Mr. MOONEY: Yes, I think that is a fair idea of what I mean by moderate.

Senator LAMBERT: I suppose you are aware, Mr. Mooney, of the Municipal Grants Act, which is a federal disposition, payable to the municipalities to cover all costs relating to federal property located in any municipality?

Mr. MOONEY: Yes, I am very familiar with the Municipal Assistance Act, Senator Lambert, As you now know, while it is still on the statute, it is moribund. It really never fulfilled the purpose it was set up to achieve. There were very limited loans made under the act. The total fund was to be \$30 million. The amount of money which any municipality could borrow under the fund was related to that \$30 million based on the per capita relationship of the borrowing municipality to the total population of Canada. In effect it would have meant, as far as Montreal was concerned, that Montreal could have borrowed about \$250,000. Well, you can just see how far \$250,000 worth of borrowing would assist the financing of the capital needs of Montreal. Multiply that across the country and it means that the thing was innocuous—ineffective.

Senator LAMBERT: If I might say so, you are referring to something different from what I asked about.

Mr. MOONEY: I am sorry, sir.

Senator LAMBERT: The Municipal Grants Act is based on the servicing of the properties that the federal Government owns in different municipalities, and the fund, that was distributed over 100 municipalities, amounted last year, I think, to somewhere around \$8 million or \$9 million, but that was to take care of the assessment and taxes and the services of water, and so on, relating to the Government institutions. But in view of your recommendation, I was just thinking that if the federal Government or the federal authorities take on more responsibility for municipal affairs, that act is there, which could be amended, of course, to meet something of your needs.

Mr. MOONEY: Hardly, Senator Lambert, for this reason: The Municipal Grants Act, to which you referred, and about which I misunderstood you, is an act providing for ex gratia payments in lieu of taxes on federal crown departmental property located in municipalities. Now, there would be very little if anything in the way of federal crown property in some of the newer suburban localities where it is needed, so it would not provide the need.